IG FINANCE THREE, 05297886

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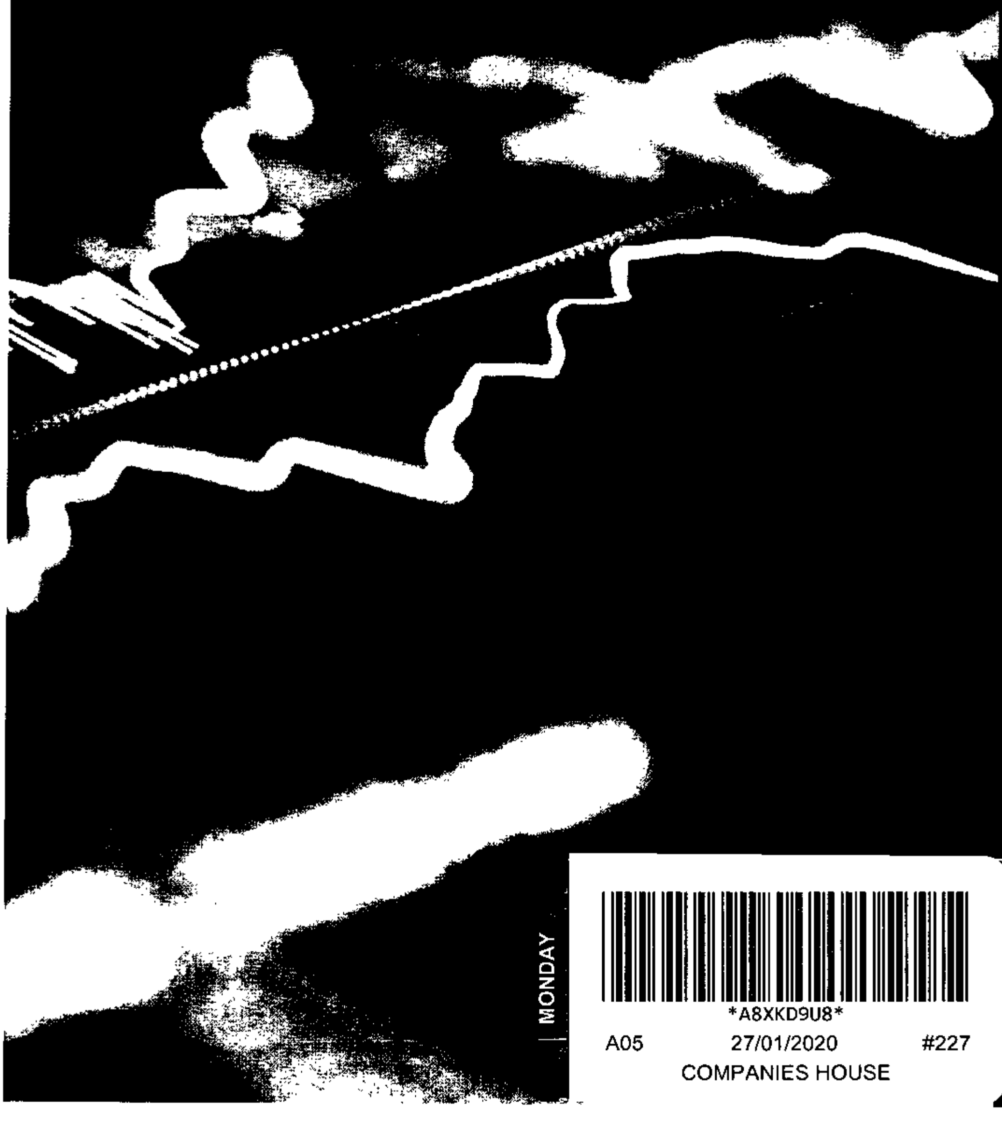
ANNUAL REPORT 19

IG GROUP HOLDINGS PLC



IG GROUP

IG GROUP

OUR PURPOSE

We exist to empower informed, decisive, adventurous people to access opportunities in the financial markets.

OUR VISION

To provide the world's best trading experience.

This report is online at | iggroup.com

HIGHLIGHTS

2019

REVENUE[1]

£476.9m

OPERATING PROFIT

£192.9m

NET OWN FUNDS GENERATED FROM OPERATIONS[2]

£159.7m

BASIC EARNINGS PER SHARE

43.1p

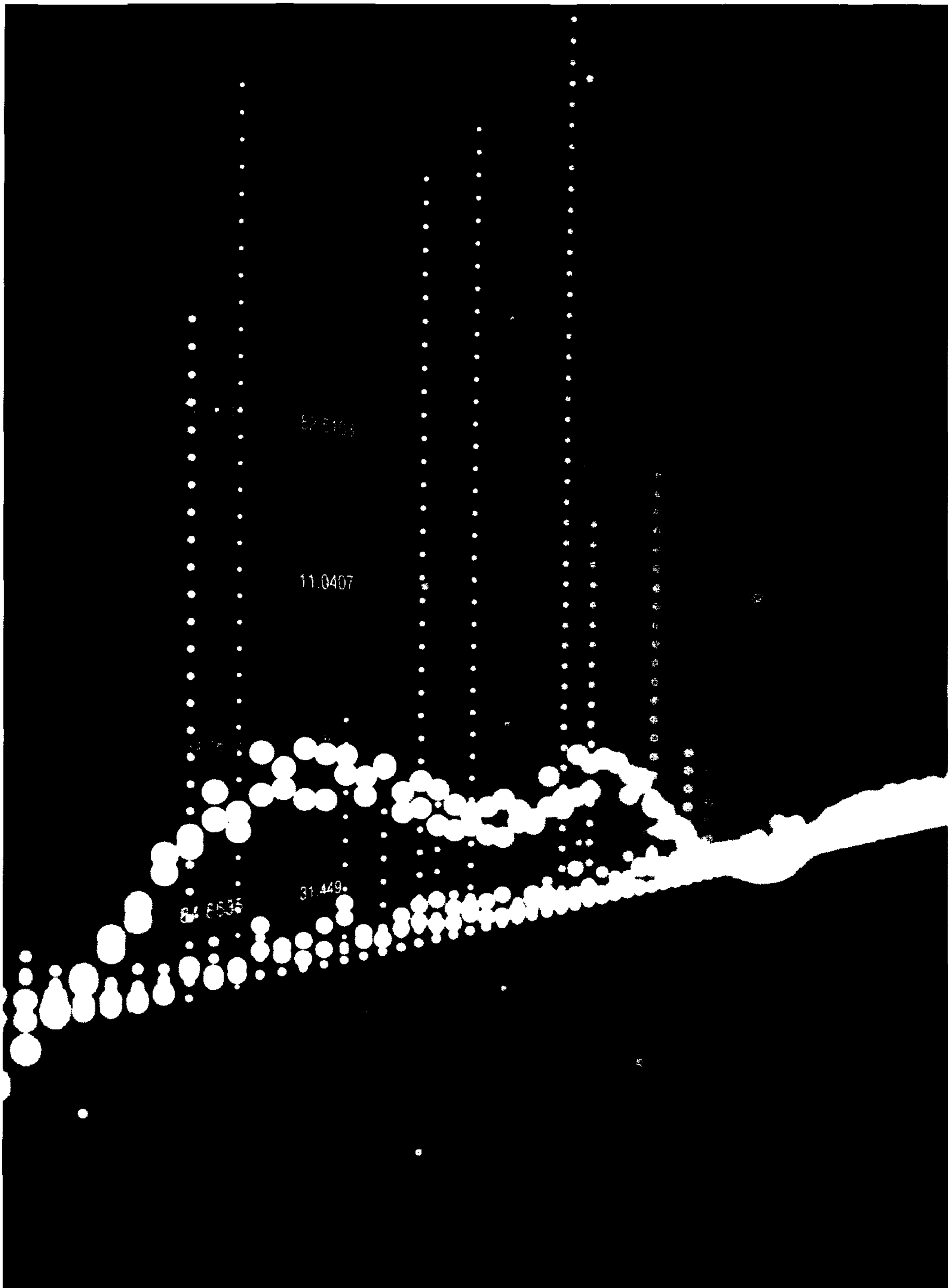
TOTAL DIVIDEND PER SHARE

43.2p

(1) Throughout this report 'revenue' refers to net trading revenue (ie excluding interest on segregated client funds and after deducting introducing partner commissions).
(2) The Group uses alternative performance measures to provide additional information on the performance of the business. Definitions are included in the Key Performance Indicators on pages 52-55.

COMPANY OVERVIEW

02-23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CHAIRMAN'S STATEMENT

ANDY GREEN

CHAIRMAN

A YEAR OF PIVOTAL CHANGE

"During a pivotal year encompassing significant change for the business and in Board membership, IG's core values of championing the client, leading the way and loving what we do have continued to be a constant, underpinning our decision-making and helping create the optimal environment for future growth, management development and the development of our strategy."

The sector IG operates in has come under significant regulatory scrutiny in recent years. Over the last 12 months we have seen the regulatory landscape stabilise, particularly in Europe.

The opportunity to serve informed, decisive, adventurous traders across the world remains very strong. IG has the people, technology and brand strength to thrive in the changed regulatory landscape.

My priority this year has been to oversee important changes to ensure the Company has the ideal board composition, strategic vision and capabilities to adapt and grow in this new environment.

STRATEGIC LEADERSHIP

June Felix was appointed as Chief Executive Officer of IG in October 2018. June brings a wealth of international and broad financial services experience to IG and the Board. June has been warmly welcomed by our people across the Business and amongst key external stakeholders. She is supported by an excellent executive team and I commend the broader team for their hard work, skill and leadership over the year.

I would also like to thank Peter Hetherington for the tremendous contribution he made as CEO of IG. Peter stepped down as CEO in September 2018 having served IG in various capacities for 24 years. Peter was instrumental in building IG and created an excellent foundation from which the business can continue to grow.

BOARD EVOLUTION

I have been grateful for the valuable contribution made by our Executive Directors. Bridget Messer and Jon Noble joined the Board at the beginning of the year. Their significant experience and deep knowledge of IG has further enhanced the quality of debate around the Board table. I would also like to extend my thanks to Paul Mainwaring who served as interim CEO while we completed the process which resulted in June's appointment, and who has continued to provide invaluable input to Board debate.

We have also made changes amongst our Non-Executive Directors. In September 2018, we added two experienced Non Executive Directors to the Board. Sally Ann Hibberd has a wealth of current and previous Main Market listed experience, and Jonathan Moulds brings with him significant financial services experience at the highest level, as well as a deep understanding of IG's products.

I would like to thank Sam Tymms who stepped down from the Board in March to pursue other opportunities. Sam's comprehensive regulatory experience was invaluable while we navigated the challenges of evolving regulation.

REMUNERATION

We have a remuneration structure which creates a balance between rewarding performance against annual objectives and delivering sustainable shareholder value.

We will be reviewing the Directors' Remuneration Policy and the main incentive arrangements during the next few months to ensure they support the delivery of the new strategy. We will consult with shareholders as part of the review.

EARNINGS AND DIVIDENDS

As we guided at the beginning of the financial year, our revenue and earnings in the 2019 financial year were lower than in the 2018 financial year. However, as previously stated, the Board is maintaining the annual dividend at 43.2 pence per share.

The Board intends to maintain this level of dividend until the Group's earnings allow for progressive dividends. This intention reflects the confidence of the Board in the prospects of the Group, specifically in our ability to deliver revenue and profit growth. It also reflects the strength of the Group's financial position – with respect to both regulatory capital and liquidity.

We are therefore recommending a final dividend for the 2019 financial year of 30.24 pence per share taking the full-year dividend to 43.2 pence per share.

IG's PEOPLE

As a market-leading, innovative financial services company that delivers through advanced technology, we are driven by our people. They have a diversity of thought and love of what they do, which is crucial to our ability to lead the way in our sector.

Our people have shown significant resilience and creativity during a period of uncertainty. They have embraced the new leadership and participated in the development of an exciting new strategy. They are the embodiment of our values. They love what they do, lead the way and champion the client.

Champion the client

Lead the way

Love what we do

Over the last 12 months our people have been instrumental in delivering key projects for the business, including IG's multilateral trading facility (MTF) Spectrum in Germany, and the launch of IG's retail foreign exchange dealer (RFED) in the US. I would like to thank them for their continued commitment to the Company.

CHAIRMAN'S STATEMENT CONTINUED

STRATEGY AND FUTURE GROWTH

On 22 May, June Felix unveiled a new growth strategy that has been well received by our people, clients and key external stakeholders. The strategy will see IG deliver growth in its core markets and from significant opportunities, as it deploys four growth levers. These levers will result in expanded distribution channels; more tailored products and marketing; customised offerings for IG's three client segments; and an expanded range of innovative products.

In its established core markets, IG will focus on developing the size and quality of its customer base through localised products and marketing, and customisation of its offering for different client segments.

To address the significant opportunities IG will also diversity into new products and expand its distribution channels.

To achieve this IG will utilise its extensive experience and adaptable technology to meet the diverse needs of traders around the world – the team has identified particular opportunities outside Europe which offer excellent growth opportunities.

I am confident that IG has the right strategy and right Executive team and Board to return to growth this year and continue to deliver sustainable returns to shareholders into the future.

LOOKING FORWARD

This has been my fifth and final year as Chairman of IG. It has been a pleasure to serve as Chairman for such a dynamic, innovative and exciting company. During my tenure we have gone through a period of unprecedented change across the industry. I am pleased to see the regulatory landscape begin to crystallise over the last 12 months, and the Company take positive steps to ensure we are well-positioned to benefit and grow in the new landscape. With that in mind I think that now is a good time for a new Chairman to steer IG through its next chapter. I will be stepping down at the AGM in September, and we hope to announce my successor by then.

A. S Green

Andy Green, Chairman
2[illegible] July 2019

COMPANY OVERVIEW
STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER AND CO. INFO

CHIEF EXECUTIVE OFFICER'S STATEMENT

JUNE FELIX

CHIEF EXECUTIVE OFFICER

MY PERSPECTIVE ON IG

"IG is a business with a clear purpose – to empower informed, decisive, adventurous people to access opportunities in the financial markets – and authentic values that are truly embodied by our employees and reflected in our culture: champion the client, lead the way, love what we do."

INTRODUCTION

I am honoured to have been appointed Chief Executive Officer of IG Group, especially at such a pivotal time in the Company's journey.

I believe that IG is a brilliant company with talented employees and following a thorough analysis of our environment, business, people, culture and new market opportunities, I am pleased to articulate a new growth strategy for IG that builds on our key strengths.

I am looking forward to sharing my thoughts on IG and our new strategy with you in this, my first CEO's statement at IG.

KEY STRENGTHS

In my eight months as CEO of IG Group, and the preceding three years as a Non-Executive Director, I have seen first-hand that IG's long-term success is built on six key strengths that clearly differentiate us.

Business model and risk management

Our business model ensures alignment between the interests of our clients and IG, via internalising client positions (allowing individual client trades to offset against each other) and a clear hedging policy. Our revenue is earned from client transaction fees and is driven by client volumes, not client performance.

This approach supports our long term focus on sustainable growth, which has allowed IG to operate successfully for 45 years. During that time we have developed a deep expertise and created well-established processes and technology for identifying and managing risks, giving our many stakeholders confidence that we have the capacity to manage the risks we face, and can continue to operate even under stressed conditions.

Brand and reputation

IG is a global leader in online trading and the trusted partner for more than 178,500 clients. Our focus on these clients has enabled us to grow internationally while maintaining our leadership in the UK market. I'm very proud of our reputation for client focused, innovative technology, service and execution.

Clients and client experience

Working at IG, I've been struck by the way in which employees embody our value of championing the client – it really is their default way of thinking and at the heart of our corporate culture.

The operating model and offices around the world support this by allowing us to provide an exceptional 24-hour service to clients. This has helped us acquire and retain clients of the highest quality. They are informed, self-directed, sophisticated traders who are loyal to IG and our services. I'm delighted that we have the best client tenure statistics in the industry.

Technology and innovation

Our success has been founded on developing technology that is market-leading and empowering for clients. We have an advanced technology estate that combines cutting-edge proprietary technology with off-the-shelf solutions for commoditised applications. Over the last 45 years we have consistently been the first to market with innovative new products delivered via digital technologies.

Our trading platforms are designed to provide an intuitive, personalised experience for traders of all styles, allowing them to trade when they want, what they want, in the size they want and how they want.

Conduct and standing with regulators

We adhere to the highest regulatory standards, differentiate ourselves within the industry through our good conduct and are well-positioned to continue to adapt to regulatory change and to thrive in an evolving market.

We always seek to operate in the client's best interests and ensure that all clients are treated fairly. As an example we provide educational materials to help our clients understand our products and services well, so that they gain utility from trading. This approach results in a high level of trust in the business by clients and is an important contributor to lasting client relationships.

We communicate with regulators in an open and constructive manner, informing them of business plans and ensuring our actions are consistent with regulatory expectations.

People and culture

In recent months I have had the pleasure of visiting many of our offices around the world, and have met with hundreds of our employees. I've been consistently impressed by their passion and ability to deliver. Our experienced, long serving team really are our greatest asset. They understand the obligations that come with being the market leader in a regulated industry, operating with integrity and with respect for clients, regulators and other stakeholders.

In summary, IG is a business with tremendous strengths and dedicated, highly capable employees. We are well positioned to continue to navigate and thrive in an evolving regulatory environment, capitalise on growing and shifting patterns of wealth, attract an increasing number of self-directed investors and traders, and actively participate in the continued evolution of financial markets around the world.

PURPOSE, VALUES AND VISION

IG is a business with a clear purpose – to empower informed, decisive, adventurous people to access opportunities in the financial markets – and authentic values that are truly embodied by our employees and reflected in our culture: champion the client, lead the way, love what we do.

As part of our strategic development we reviewed our vision and updated it to reflect what we are seeking to provide: the world's best trading experience.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

“

I'm very proud of our reputation for industry-leading technology, service and execution.

JUNE FELIX
CHIEF EXECUTIVE OFFICER

STRATEGIC CHOICES

In pursuing our vision we have made six strategic choices that underpin how we operate. They are:

- Operate a sustainable business model
- Provide the best client experience
- Win with our technology
- Tailor client propositions
- Broaden our product range
- Extend our geographic reach

OUR BUSINESS TODAY

As part of our strategic development process we categorised our business into two groups: core markets and significant opportunities. Our core markets are large established markets in which we already have a significant presence; they consist of the UK, EU, EMEA non-EU, *Australia and Singapore. Significant opportunities represent* geographies, client segments and product segments where we currently have a presence, but there are opportunities to build on our strengths, serve more clients and deliver significant revenue growth.

DEVELOPMENT OF OUR STRATEGY

Since my appointment, I have been working with my executive team and key employees from across the business to develop an ambitious, bottom-up strategy underpinned by our six key strengths and aligned with our strategic choices and values.

This involved an extensive review of our current business and a critical examination of potential opportunities *undertaken by employees across IG and supported by* external expertise.

We announced the resulting growth strategy on 22 May 2019, and this was well received by internal and key external stakeholders. We expect that *successful delivery of the* strategy will result in revenue in the 2022 financial year being around 30% higher than in the 2019 financial year. To achieve this we will deploy four growth levers across our business units.

GROWTH LEVERS

By analysing local markets and our operational capabilities we identified four levers we will deploy to drive growth. Three of these are new or have been previously *underutilised and one (multi product) is a lever we will* continue to deploy.

The levers are:

- ***Expanded distribution channels***
  We will create partnerships that accelerate and expand our reach. For example, we have already had a number of promising discussions with potential partners in Asia.
- **A global firm with more local focus**
  We will tailor products and marketing to local needs by *integrating more local context and content. In Japan, for* example, we are updating our user experience to ensure we meet local expectations.
- **Segmented target markets**
  We will customise our offering for our three client segments (high-*value, retail and institutional)* to ensure we meet the needs of each. The services we offer will reflect the different priorities of each segment. For example, for the high-value segment we are adding access to new content and tools to support their *sophisticated trading strategies.*
- **Multi-product**
  We will continue to expand our innovative product range, where appropriate, to empower our clients to access opportunities in financial markets. During the financial year we launched a US margined forex business, options *in Europe and developed a multilateral trading facility,* Spectrum, to allow our European clients to trade turbo warrants on a 24/5 basis.

MEDIUM-TERM FINANCIAL TARGETS

As a result of our new strategy we expect to achieve the following:

Core markets
Revenue growth at around 3-5% pa over the medium term

Significant opportunities
An increase in revenue of £100 million, to around £160 million in the 2022 financial year

Achievement of these targets will result in revenue in the 2022 financial year being around 30% higher than in the 2019 financial year.

The Board expects to maintain the 43.2 pence per share annual dividend until the Group's earnings allow the Board to resume progressive *dividends.*

ORGANISATIONAL DESIGN

In order to support the delivery of our strategy we have undertaken an organisational design review, in concert with external consultants. Through this process we identified a number of design principles that guided our thinking, including: facilitating quick and effective decision-making, empowering local teams and enabling a drive for scale

We have amended our organisational design to allow our business units (such as the UK, Australia and the US) greater autonomy to focus on growing the transaction fees we receive from clients. In doing this our business units will be assisted by teams such as product and marketing, technology, and trading and operations who support the growth and help to convert this to profit. Also within this support category is our business change team who will orchestrate the delivery of key projects across our core markets and significant opportunities

I am delighted that Jon Noble has agreed to take on a new role as Chief Operating Officer, responsible for our trading and operations and business change teams. Jon will be overseeing delivery of our significant opportunities

Our business units and support teams are underpinned by four foundational areas: governance, finance, risk and compliance, and people, who collectively ensure our business is sustainable and that we have strong controls. Finally, our strategy and corporate development team will help to guide our future as they identify, analyse and, where appropriate, recommend future investments and opportunities to the Executive Committee and Board.

LOOKING FORWARD

This is an exciting period for IG as we evolve the business to ensure it can continue to deliver strong, sustainable growth in the long term

To achieve this, we will execute our strategy, enabling us to take advantage of the tailwinds driving the growth of trading activity globally and in doing so expect to return to revenue growth in the coming financial year. I am looking forward to leading my talented and experienced team and engaging with our many stakeholders as we do so.

June Felix, Chief Executive Officer
23 July 2019

> **This is an exciting period for IG as we evolve the business to ensure it can continue to deliver strong, sustainable growth in the long term.**
>
> **JUNE FELIX**
> CHIEF EXECUTIVE OFFICER

JUNE FELIX

CHIEF EXECUTIVE OFFICER

INTERNATIONAL LEADER

HELD SENIOR POSITIONS IN THE US, EUROPE AND ASIA

APPOINTED CEO 2018

4 YEARS OF EXPERIENCE ON THE IG BOARD

AWARD WINNING INNOVATOR:

HOLDER OF THE EDISON AWARD

[illegible]

ELECTED INTO THE INNOVATORS' HALL OF FAME

[illegible] **OVER 600** [illegible]

TRACK RECORD OF DELIVERING INNOVATIVE STRATEGIC SOLUTIONS, GROWTH AND SHAREHOLDER VALUE AT:

VERIFONE, [illegible]

MANAGED

[illegible]

EMPLOYEES REVENUES

[illegible]

TRANSACTIONS PER ANNUM

CITIBANK, [illegible]

IBM, [illegible]

DEEP EXPERTISE IN BUILDING STRATEGIC COMMERCIAL PARTNERSHIPS

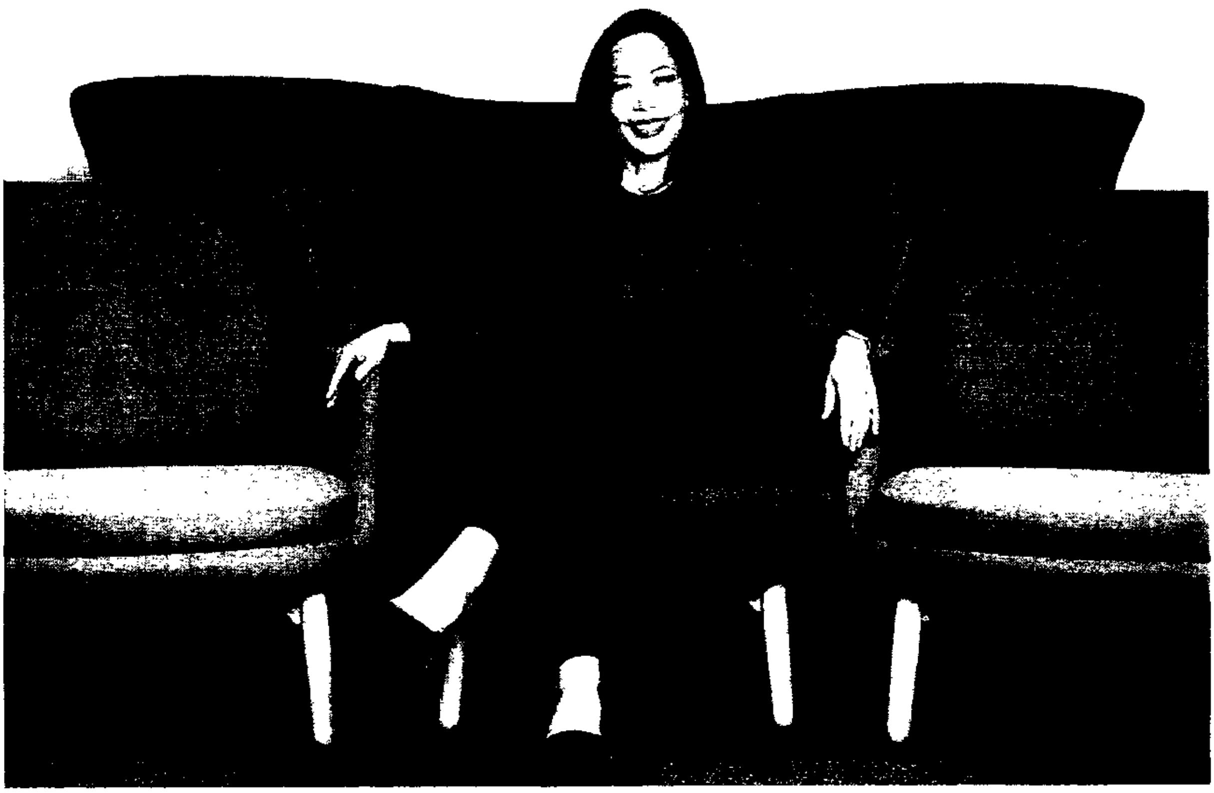
A SUCCESSFUL AND HIGH-PROFILE FEMALE LEADER:

- RANKED AMONG THE MOST INFLUENTIAL WOMEN IN PAYMENTS
- FOUNDER OF THE WOMEN'S EUROPEAN NETWORK
- ELECTED TO THE COMMITTEE OF 200

– AN INVITATION-ONLY ORGANISATION OF THE WORLD'S MOST SUCCESSFUL FEMALE ENTREPRENEURS AND CORPORATE LEADERS

EXPERIENCE IN:

TECHNOLOGY	DIGITAL	BANKING
PRODUCT INNOVATION	SALES AND MARKETING	STRATEGY
NEW BUSINESS	M&A	INNOVATION



CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

WITH

JUNE FELIX

CHIEF EXECUTIVE OFFICER

REFLECTIONS ON IG

Q *What attracted you to IG?*

A During my career I've had the privilege of building technology-intensive businesses for more than 25 years, as an executive at well-known companies including Citi, Chase, IBM and Verifone. This has taught me that the most important elements for a company are its people, its focus on clients, its technology and its culture. At IG I see all those things, and I'm excited by the opportunity.

Q First impressions on the Company?

A I was initially struck by the people we have at IG. I have had the pleasure of getting to know this business and a number of the executives over the last four years as both a Non-Executive and Executive Director of the Board. What has really impressed me is the quality and attitude of the people we have. Not only are they knowledgeable in our core business – the OTC leveraged business – but also I have seen a great attitude toward continuous personal and team improvement. It's certainly a high-performance team where people support each other and strive for success

Q *Views on the Company culture?*

A I believe that the client-centric values at IG have been one of the key reasons for its success to date. IG has done this really well. Having spoken to some IG clients, they value the breadth of products, the excellent execution, great service, 24/7 access, the pricing and the great user interface that makes the overall experience relatively flawless. IG's values – 'champion the client', 'lead the way', and 'love what we do' – really are at the heart of IG. These values act as our guiding star and underpin every decision we make at every level of the business.

Q You're clearly passionate about clients, where does that come from?

A My interest in client-focused businesses started very early on in my career. Although a chemical engineer by education, my first job after university was at Proctor and Gamble in brand management and marketing where I learned that the consumer is your absolute priority. This was reinforced when I was at IBM.

IBM became too inwardly focused and almost went out of business. Lou Gerstner saved the company by pushing executives no matter how senior to spend 40% of their time with clients. For a business to be successful you must know, understand and deliver something that the consumer really wants. For me clients are key

Q *How do you think your previous experience will help IG?*

A As the President of Verifone, I saw first-hand how vital it is to have a superior technical foundation. Because we had the right technical platform, an awesome technical team and deep client understanding we were able to expand our business and grow the market by double digits for four years in a row despite having a 90% market share in some of our most competitive markets against very wealthy competitors. From what I have seen so far IG has also created an excellent platform and I believe this will be a major asset that we can leverage in new ways and markets

Q What do you think IG's core strengths are?

A

1. Business model and risk management – we focus on building long-term relationships. Unlike others in the OTC derivatives business, our business model is based on aligning our interests with our clients, we execute the prices our clients request ahead of our own, and if prices improve in the intervening milliseconds we give our clients the better price. This is possible because of the expertise we have developed over 45 years in business.

2. Brand and reputation – we have a leadership position in all of our core markets. When regulators intervene to raise standards in an industry, our evidence shows that leaders can grow not only share but also revenue.
3. Clients and client experience – we have a very high-quality set of loyal, sophisticated self-directed clients.
4. Technology and innovation – we can create new products quickly, we have unique ability to face, price and manage market risk across a broad set of asset classes, and offer 24-hour trading even when the underlying market is closed.
5. Conduct and standing with regulators – we have constructive relationships with our regulators around the world. We operate not only to the letter but also to the spirit of regulation.
6. People and culture – our agile, entrepreneurial team works relentlessly to deliver an outstanding client experience.

Q What are your priorities for the next year?

A My strategic priorities are to:

1. Grow our business in the core markets by taking share with a particular focus on higher-value, highly sophisticated retail clients.
2. Capitalise on the investments already made in the US with our retail foreign exchange dealer, our multilateral trading facility Spectrum in Europe, and knock-out options for Japan.
3. Focus on family offices and small hedge funds.
4. Create effective partnerships in Asia to reach new clients with our capability.

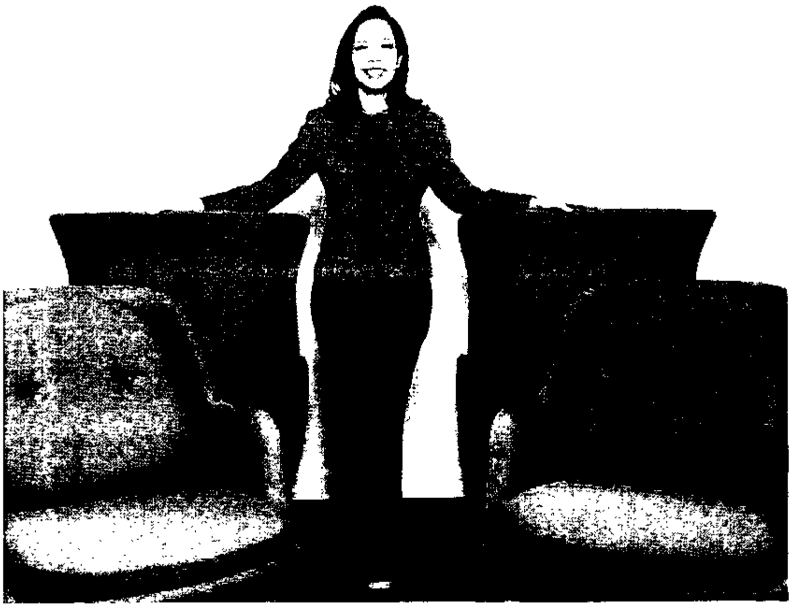
Q How do you view the regulatory landscape and recent changes?

A Regulators have a vitally important and complex task of protecting vulnerable retail clients from bad outcomes. We understand and support this. Recent regulations have been imposed as a reaction to the behaviour of other players in our industry.

IG is fundamentally different in that we operate a business model that aligns our interests with that of our clients.

We have been and continue to be the natural home for the sophisticated trader. We take appropriateness incredibly seriously, and if we do not think our products are for you then quite simply we do not allow an account to be opened.

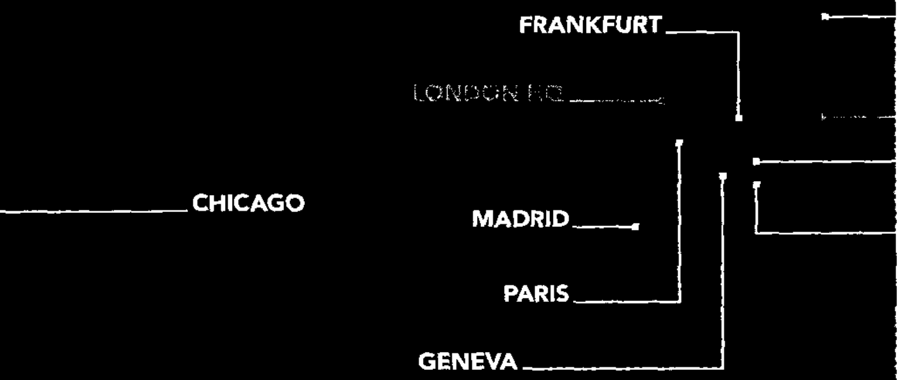
As we have seen in a number of jurisdictions, when proportionate regulation is applied consistently, compliant firms like IG stand to benefit.



OUR BUSINESS

INTRODUCING IG

IG exists to empower informed, decisive, adventurous people to access opportunities in the financial markets. A technology-driven global leader in online trading and an established member of the FTSE 250, we have a 45-year history of providing trading opportunities to clients around the globe.



We are the world's No.1 provider of OTC leveraged derivatives to retail clients(1), with sales offices located in 14 countries and operations in a further two, and operate globally under the IG brand. We also operate as the Nadex derivatives exchange in the US. We are the trusted platform provider for over 178,500 active clients.

Our suite of products provides efficient, flexible access to more than 16,000 financial markets for a broad spectrum of financially sophisticated consumers, ranging from institutions to active traders to retail investors. Using our cutting-edge platforms and apps, our clients place on average around 7.7 million transactions a month with us. This translates to an average of around 350,000 transactions per day.(2)

(1) Based on revenue excluding FX (from published half yearly financial statements, June 2019).
(2) Average for the 2019 financial year.

OUR GLOBAL OPERATIONS

SALES OFFICES AND OPERATIONAL HUBS MAP

We have sales offices across Europe, the Middle East, Africa, Australia, Asia and the US, and our expertise in online marketing, search engine optimisation and multi-language client service enables us to attract clients with a service tailored to their locale. With a marketing strategy that combines global expertise and local knowledge, we connect with clients around the world efficiently and cost-effectively.

Our UK headquarters in the City of London is supported by two major operational hubs in Krakow and Bangalore. These are positioned to take advantage of local pools of talent in a variety of disciplines.

OVERVIEW OF OUR PRODUCT SUITE

OTC LEVERAGED DERIVATIVES
Including contracts for difference (CFDs) and options

OTC LEVERAGED REVENUE IN FY19

£454.2m

ACTIVE CLIENTS IN FY19

129,700

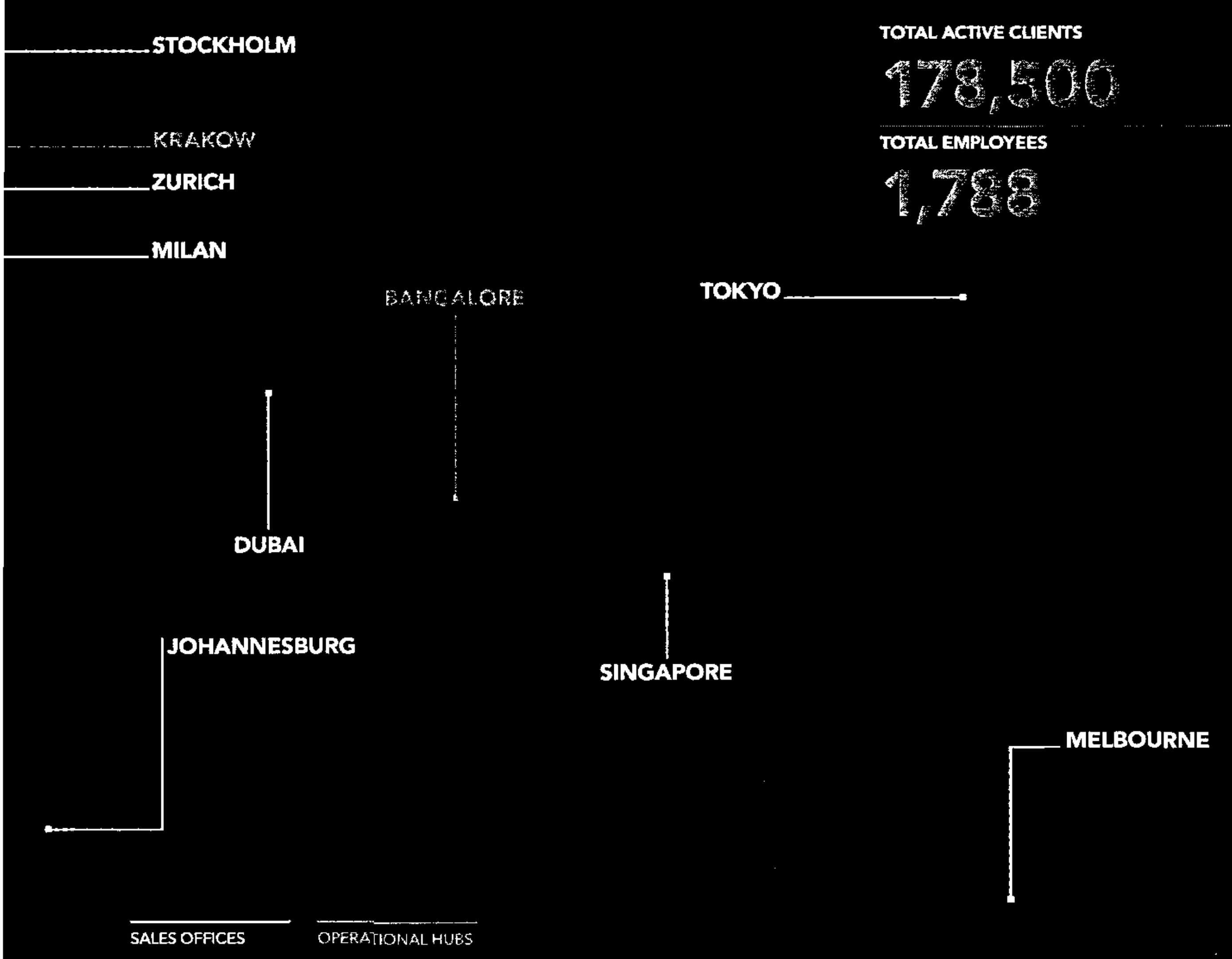
EXCHANGE TRADED DERIVATIVES
Includes on-venue derivatives, offered under the Nadex brand

REVENUE IN FY19

£16.8m

ACTIVE TRADERS IN FY19

17,500



TOTAL ACTIVE CLIENTS

178,500

TOTAL EMPLOYEES

1,788

STOCK TRADING AND INVESTMENTS

Includes a suite of non-leveraged investment products

REVENUE IN FY19

£5.9m

ACTIVE CLIENTS IN FY19

37,900

UK HQ & OPERATIONAL HUBS	EMEA	ASIA PACIFIC	US
1,360 Employees	**174** Employees	**173** Employees	**81** Employees
£200.0m Revenue	**£111.9m** Revenue	**£148.0m** Revenue	**£17.0m** Revenue
50,600 Active OTC clients trading	**37,000** Active OTC clients trading	**41,200** Active OTC clients trading	**18,300** Active clients trading
27,100(1) Active stock trading and investment clients	**1,000**(1) Active stock trading clients	**9,800**(1) Active stock trading clients	

(1) The number of clients trading individual products is higher than the total 178,500 active clients because some clients are active across multiple product sets.

OUR PRODUCT SUITE

Our product range is designed to provide solutions across the spectrum of our clients' trading and investment needs.

Our core offering remains OTC leveraged derivatives. We aim to offer our clients the product that is most suitable for their local markets, and therefore we offer a variety of OTC leveraged derivatives to our clients, with our specific product set depending on the local market and regulatory environment in each country.

Our OTC leveraged derivatives offering is complemented by exchange traded derivatives offered on Nadex, and soon to be offered on our EU MTF (Spectrum). We also offer a suite of non-leveraged stock trading and investment products, suiting a broad range of risk appetites and investment objectives.

While our leveraged and exchange traded derivatives are designed for sophisticated, active traders, our stock trading and investment products extend our reach to self-directed individuals looking for a cost-effective, longer-term way to trade and invest.

IG clients are able to access over 16,000 global financial markets – including shares, forex, indices, commodities and other instruments – via market-leading platforms and apps that provide efficient, secure execution.

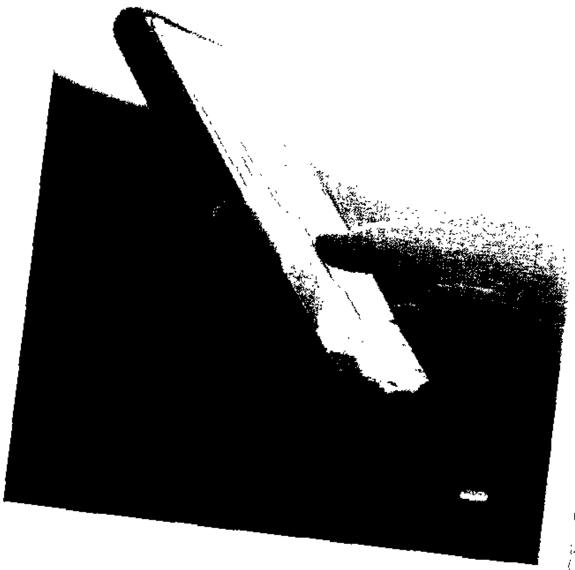
OTC LEVERAGED DERIVATIVES

OTC leveraged derivatives enable clients to take advantage of changes in an asset's price, without owning the asset itself.

Clients can use OTC leveraged derivatives to take a position in a financial instrument, either buying or selling, while only putting down a percentage of the value of their trade as security – known as margin. This is an extremely efficient way of trading financial markets over the short term.

We believe in supporting our clients and providing them with the tools they need to trade successfully. This includes access to a range of risk-mitigation measures, including limited-risk products and accounts, as well as stops and limits. In the UK and EU we provide no-negative protection at an account level to all our Retail clients, meaning that should a Retail client's account dip below zero, we will bring it back to zero at no cost to them. In other regions we offer limited-risk accounts. These allow clients to control their exposure, in line with their risk appetite.

Clients can limit their maximum risk per position by attaching a guaranteed stop to a CFD position, or if trading options by purchasing the option. Options enable similar market access to other OTC derivatives, but when bought require a full payment up front in the form of a premium. How the premium is calculated, however, means that this payment is also usually a fraction of the full value of the underlying market. This enables clients buying options to take advantage of market upside, while retaining full control over their risk. Options are available to our European clients in two forms – barriers and vanilla options.



WE ARE THE WORLD'S

No.1

CFD provider[1]

>90%

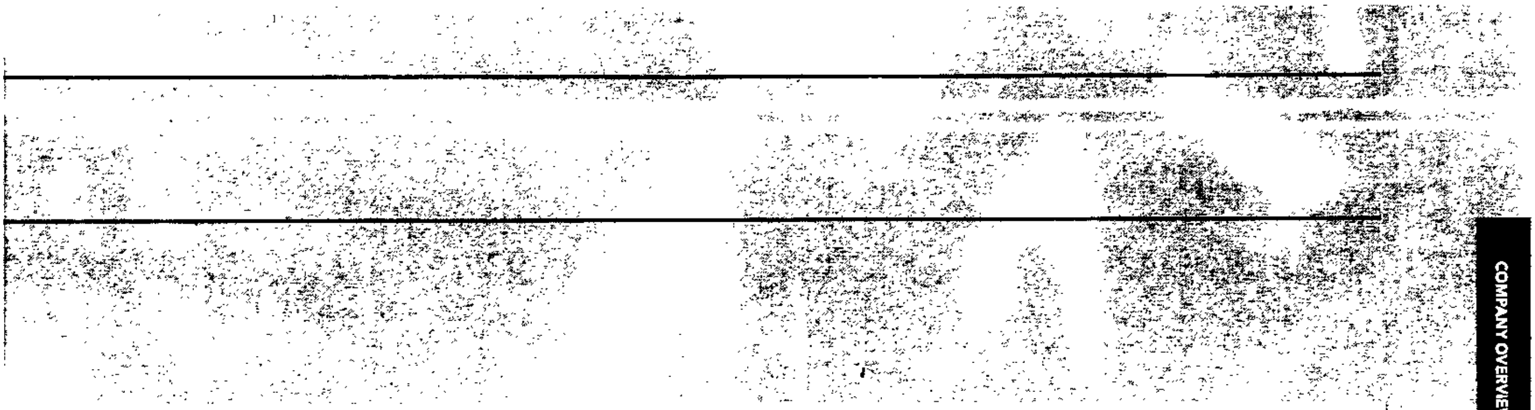
of our clients are satisfied with our service[2]

WE HOLD A

37%

share of relationships amongst UK professional traders[3]

(1) [illegible] June 2019)
(2) Client satisfaction survey.
(3) Investment Trends UK [illegible] Report, May 2019



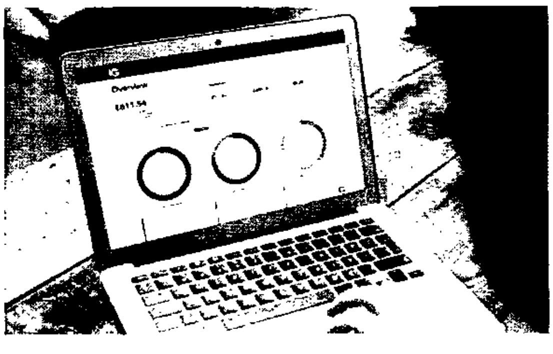
STOCK TRADING AND INVESTMENTS

Our online, execution-only stock trading service is powered by the same market-leading technology as our leveraged OTC offering. It enables self-directed clients to buy and sell over 12,000 global shares and exchange traded funds (ETFs), with extremely competitive and transparent transaction fees. UK clients can choose to trade within a tax-efficient ISA or SIPP wrapper.

Launched in the UK in 2014, our stock trading offering has built on our pedigree in the online leveraged trading sector. Our stock trading service is also available to clients in Austria, France, Germany, Ireland, Australia and the Netherlands.

As well as providing our current OTC derivative clients with facilities to place their non-leveraged portfolio with us, helping us retain our existing clients, we're now attracting a broader audience to IG, around [illegible] of clients opening stock trading accounts are new to IG.

IG Smart Portfolios is a discretionary managed investment service, launched in partnership with BlackRock in April 2017. It offers a range of portfolios designed to suit different risk appetites, each constructed from iShares ETFs that include a blend of commodities, equities and fixed-income assets designed to match the risk appetite and investment objectives of the client.

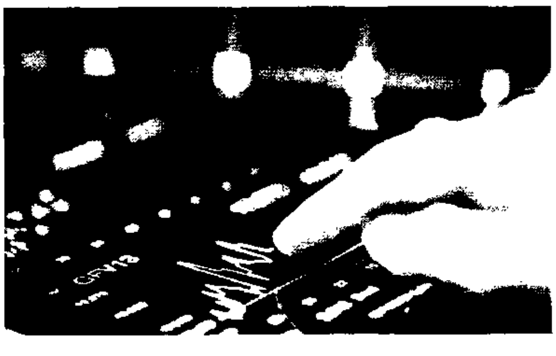


EXCHANGE TRADED DERIVATIVES

Nadex is our US derivatives exchange. Nadex's unique, retail-sized contracts are designed to give US and overseas traders short-term opportunities in their favourite global financial markets. Nadex offers a range of different products, including exotic options, which allow clients to trade a variety of market conditions while limiting their downside exposure. Nadex was the first, and remains the largest, US-based retail-oriented exchange.[1]

In the year we also completed the build of our European MTF, Spectrum, and received regulatory authorisation from BaFin. We will be fully launching the MTF in September 2019. Our offering will provide clients with a superior user experience, 24-hour trading, and liquidity focused on the needs of retail clients. These products are limited risk and are targeted at retail clients in [illegible] Europe, where there is already a sizeable, well established market for the product.

(1) Based on [illegible] data for [illegible] designed for [illegible] markets



A HISTORY OF INNOVATION

Key dates

1974

IG Index founded, becoming the UK's first OTC leveraged derivatives company.

First company in the UK to offer OTC leveraged derivatives on the FT30.

1995

First UK company to allow OTC leveraged derivatives on individual shares.

First company to launch an online dealing platform for OTC leveraged derivatives.

2002

IG Markets Australia becomes the country's first CFD provider.

New offices open in Germany and Singapore.

2007

Launch of browser-based trading platform. New offices open in the US, Spain and France.

New office opens in Italy. UK's first dedicated OTC leveraged derivatives iPhone app launches.

2009

[illegible] launched in the US. IG Markets introduces [illegible] DMA. [illegible] office opened in Sweden.

Acquisition of the Ideal CFDs business in South Africa. CFD iPhone app launches.

Launch of our insight, news and analysis centre.

2012

IG Index and IG Markets offerings brought together under IG.com. Introduction of forex trading via MetaTrader 4 platform.

Execution-only stock trading introduced as a complement to our leveraged trading offering. IG Bank opened in Switzerland.

2014

Sunday trading launched. IG designs the first trading app for Apple Watch. New office opens in Dubai.

IG expands its stock trading offering into ISAs and SIPPs. Stock trading launched in Australia. Limited risk accounts rolled out across the globe.

2016

All-new online trading platform introduced. IG Smart Portfolios launched in partnership with BlackRock.

New online trading platform successfully rolled out across our global operations.

Mobile web platform launched, allowing seamless use from desktop to mobile devices.

2018

Three new strategic initiatives are launched: IG Europe (client-facing subsidiary for EU clients); Spectrum (multilateral trading facility); and IG US (US subsidiary operating as a retail forex dealer).

OUR CLIENTS

IG has built its name on innovation, fairness and outstanding client service. It's a reputation we have gained over a span of four decades and are extremely proud of. We believe it sets us apart from most companies in our industry. In achieving our market-leading status, we've constantly put clients at the heart of our business.

A HISTORY OF INNOVATION

Innovation has been central to our business since our inception in 1974. As a provider of retail OTC derivatives, we introduced a completely new, accessible way for people to trade on the price of gold – by defining it as an index.

Over the years, we've evolved and broadened our product offering to meet the changing needs of traders and investors. From teaching essential trading skills and risk-management strategies, to providing market news and analysis, our extensive range of tools and resources is specifically geared towards empowering our clients to trade and invest effectively.

Technology has enabled us to continually refine our marketing techniques. We produce highly targeted advertising campaigns that introduce our products to the right audience. A sophisticated application and onboarding process then ensures that only appropriate clients proceed. Ultimately, we enable sophisticated clients to access products that match their trading objectives.

A STRATEGY FOCUSED ON THE CLIENT

Our strategy puts our clients first in all our planning and decision-making. Supporting our clients is something we invest in heavily, and we believe it makes good business sense. The way we choose to operate in pursuit of our vision aligns with this core value of championing the client (see page 26 for further information on our vision and strategy)

Our business model is dependent on trading volumes, and we want our clients to be successful. We therefore provide extensive educational resources to help our clients identify opportunities. We also deliver news and analysis that traders can use to make informed investment decisions, and we develop technology to help clients trade more effectively, equipped with the tools they need to seize opportunities rapidly.

We strive to constantly improve and evolve, always driven by the feedback from our clients and our understanding of their changing needs. This has led to enhancements ranging from developing the first mobile trading app for OTC leveraged derivatives in the UK in 2008, to the introduction of limited risk accounts in 2016, and the launch and global rollout of our new web trading platform during 2017 and 2018. In 2019 we announced an exclusive partnership with Real Vision, delivering content normally reserved for institutional investors to our premium and professional clients.

This client-centric approach is central for our people, too, and everyone at IG lives by a set of values that guide how we do business.

A culture of regulatory compliance
Compliance is not just a team of people at IG, it's a concept central to our culture. We have closely tracked and informed the development of regulation, and are well-placed to deal with regulatory change given our sophisticated client base and scale. Awareness and respect for the regulatory framework is embedded throughout the organisation, and is taken into account from the very beginning of a product's design through the entire client journey. At every stage of the client experience we describe here, compliance is key.

Comprehensive early client support
We work to provide the best client experience in the industry, whichever stage of the journey a client may be at. When a client first joins us, we understand they may sometimes feel a little daunted. Even the most experienced trader needs time to adjust to a new platform. To ensure clients are properly supported in those early days, we employ a professional new business team to introduce them to IG and to explain exactly what they can do with our platforms.

Our new business teams are there to support new clients. They do this by gaining an understanding of what the client wants to achieve, and are well-equipped to explain how our products and services can help realise those aims.

Importantly, the new business team also provides another layer of client-appropriateness assessment. Our people are trained to evaluate, during their conversations, whether the client has a realistic expectation of IG and our products.

During this fledgling stage of our relationship, we actively encourage clients to use our range of educational materials, and we build their awareness of the up-to-the-minute trading news and research we provide via channels such as DailyFX and IGTV.

Consistent and continued access to expertise
Once clients have become acquainted with IG, we offer them ongoing support and assistance via our trading services teams. Available 24 hours a day from 8am Saturday to 10pm Friday, members of this team are experts in our products, and are responsive and entirely customer-focused. If clients have questions about our products, want to know how our platforms work or have any other type of enquiry, they can get help from our trading services team around the clock. And with native speakers from every territory in which we are present – all available via phone, email or web chat – we make it as easy as possible for clients to get the information they need, quickly and in the way they want it.

We manage and capture all of our interactions with clients using sophisticated technology. This ensures we can understand the whole relationship we have with each client, and have people available to meet their requirements on demand.

In recognition of our commitment to clients, and to ensure we're delivering 'best practice' service, we continue to be members of the Institute of Customer Service. This enables us to have our service standards independently appraised and verified according to nationally recognised standards.

MARKET-LEADING TECHNOLOGY

We recognise that our technology is central to the customer experience, and we seek to get it just right. We invest heavily in IT development, and are continually looking at ways in which we can improve the tools clients use to engage, invest and trade with us.

Our flexible and scalable technology estate – comprising front-end platforms, support systems and execution systems – is designed around a modular build concept, easily allowing us to recombine and reuse components.

We believe clients should be empowered by the technology we offer and not restricted by it, so in the past few years we have introduced significant advancements to help our clients trade more effectively.

In the 2019 financial year, we've delivered a breadth of client projects thanks to our proprietary technology capability. Clients can now trade a range of new products including turbos, options and knock-outs, and we have brought our exceptional service to US margin forex clients by launching a US retail foreign exchange dealer (RFED).

EXTENSIVE LEARNING RESOURCES

For all our clients, we provide access to a myriad of educational resources, prepared using our long-standing expertise in the key knowledge areas required for successful trading. This includes materials to help people learn common trading techniques, as well as instructional content that demystifies industry jargon and guides clients through every part of our product suite and platforms.

Our investment in education and training is extensive, and has a single purpose – to help people become more successful traders. Through our free IG Academy app and website, for example, clients can learn via interactive, step-by-step trading courses and webinars aimed at all experience levels. Likewise, our extensive collection of online how-to videos is accessible at any time to help clients enhance their knowledge. For premium and professional clients, we also offer a free subscription to Real Vision. This financial media service gives our highest-value clients access to a wide range of expert-led trading-related online television shows, providing insight from hard to access guests who won't often appear on mainstream financial channels.

It's our strong belief that by using appropriate educational materials and having reliable information at their fingertips, our clients can make better trading decisions.

OUR PURPOSE

IG exists to empower informed, decisive, adventurous people to access opportunities in the financial markets

OUR VALUES

CHAMPION THE CLIENT

Understand them. Be part of their whole experience. Think big, think long-term. Make every moment count and stick with them all the way. Do what matters most.

LEAD THE WAY

Be brave. Back yourself. Innovate and adapt to win.
Challenge assumptions, ideas, decisions.
Ask why. Stand up and speak your mind.
Achieve. Do the right thing.

LOVE WHAT WE DO

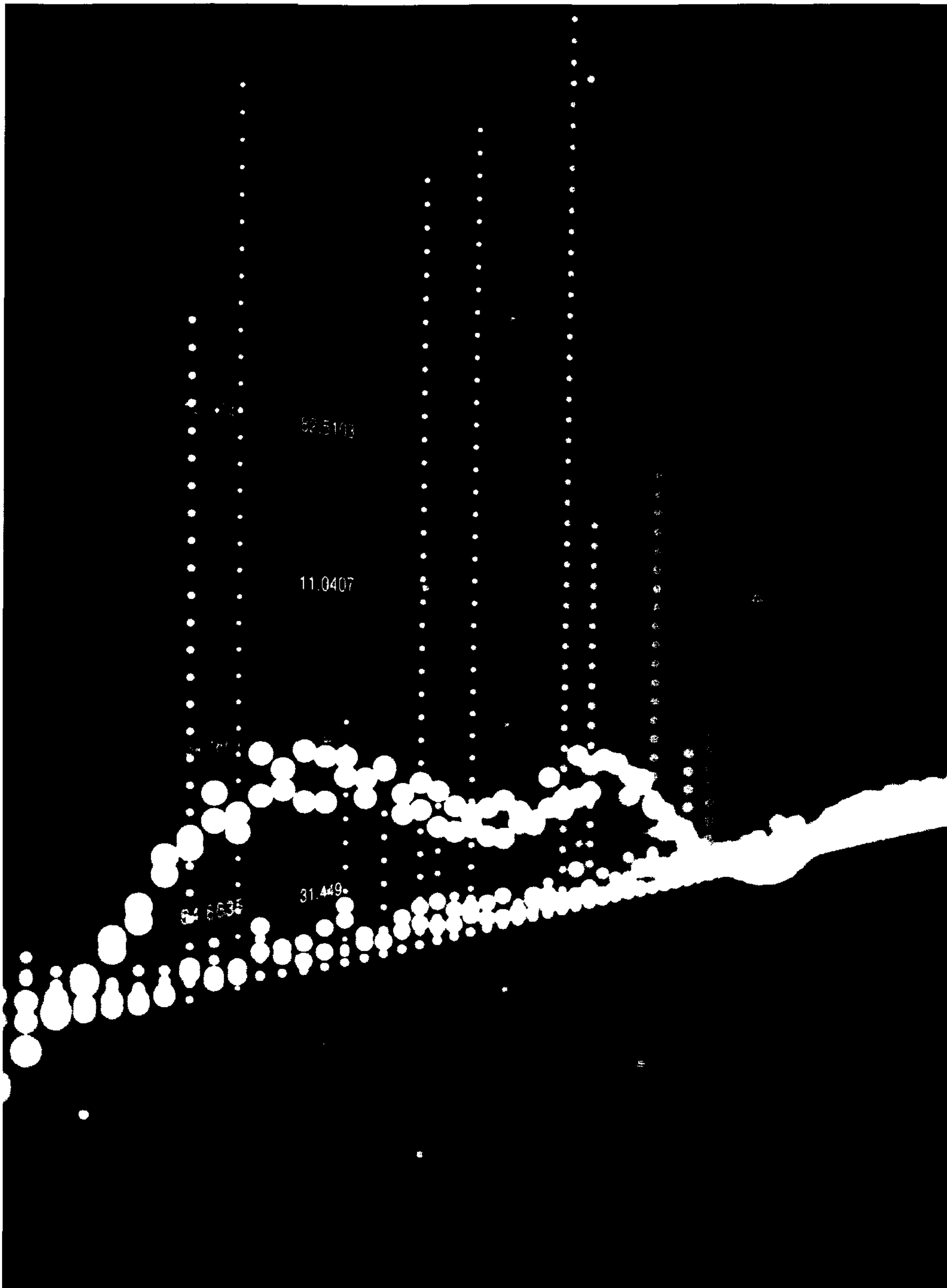
Make it personal. Care, be passionate, have fun. Respect our diversity and learn from each other. Share your enthusiasm. Take pride in each other's achievements. Work as a team.

OUR VISION

To provide the world's best trading experience

STRATEGIC REPORT

24 -71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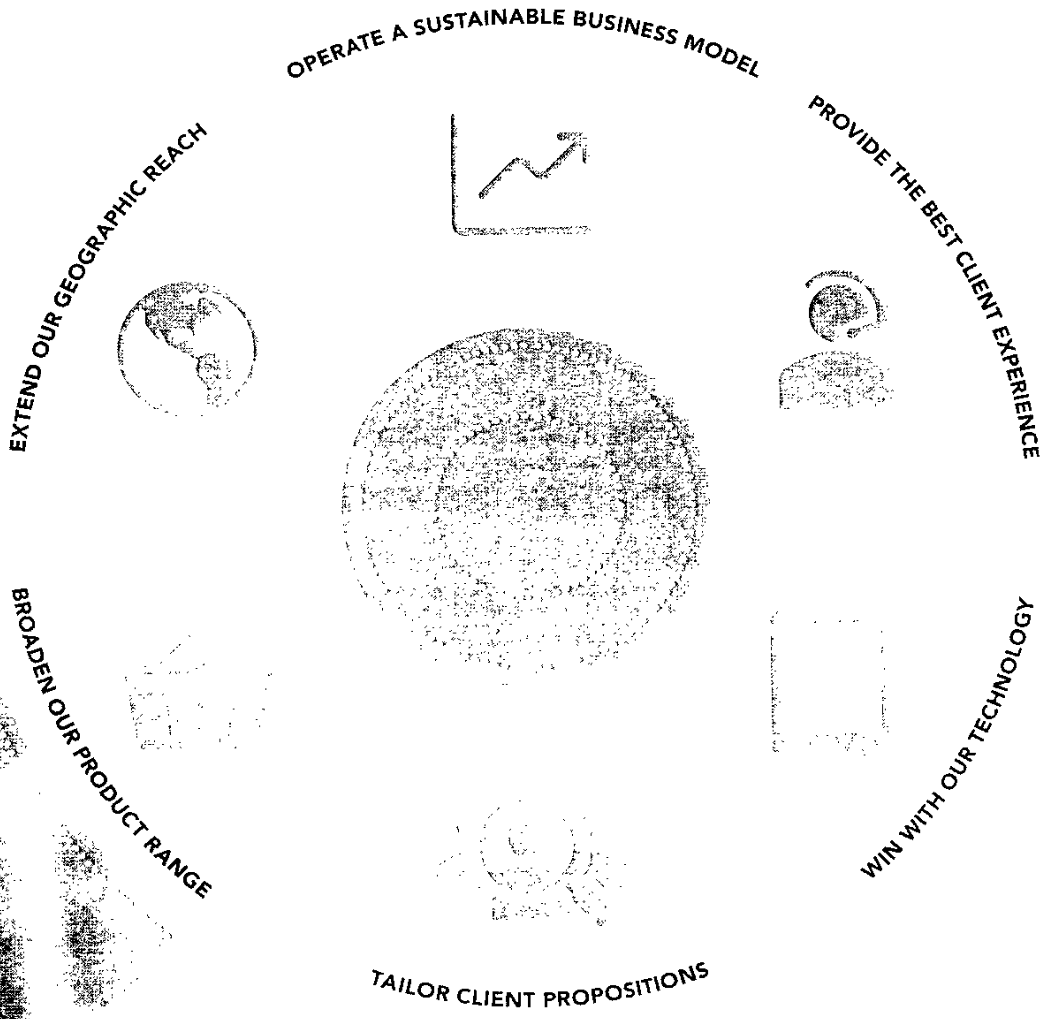
VISION AND STRATEGY

On 22 May 2019 IG provided an update on its strategy and medium-term financial targets. The Group's purpose – to empower informed, decisive, adventurous people to access opportunities in financial markets – has not changed. The Group's values – to champion the client, lead the way, and love what we do – are also unchanged. These values are clear, they match the culture of the people at IG, they are authentic, and they are what defines the Company.



For the purposes of developing and presenting its strategy, IG categorised its existing businesses into two groups: core markets and significant opportunities. The core markets consist of the UK, EU (CFDs), Australia, Singapore and EMEA non-EU. These are large and established markets in which the Group already has a significant presence, with strong market shares, particularly amongst the highest-value traders. The significant opportunities represent geographies, client segments and product segments where the business currently has a presence, but where there are opportunities to build on its existing strengths to serve more clients and to deliver significant revenue growth.

The Group's vision is to provide the world's best trading experience.

In pursuit of that vision the Group has made six strategic choices that underpin how the Group operates, and how it intends to continue to deliver value for clients and stakeholders.

Operate a sustainable business model
IG's business model is based on giving clients the opportunity to trade the world's financial markets, in exchange for fair and proportionate transaction fees; in doing so the Company seeks to develop long-term relationships based on mutually aligned interests.

IG's business model (see Business Model and Risk Profile, p30) negates the potential conflicts that can arise in an OTC business, as IG internalises client flow and hedges residual exposure when it exceeds IG's Board-Approved Limits. This approach, which is enabled via IG's scale, aligns the Company's interests with those of its clients and reduces the cost of hedging, as well as reducing the variability of its revenue.

It also allows IG's clients to benefit from the Company's exceptional execution and deep liquidity, which combines market liquidity and the Company's internal liquidity to maximise the likelihood of execution while minimising price impact.

Provide the best client experience
IG has an established culture of championing the client, and a part of that is providing low-friction, seamless and engaging client experiences. The design of the Company's front-end onboarding and administrative processes – for example, electronic ID verification allowing swift and easy account opening – is focused on minimising effort (and maximising delight) on the part of its clients.

IG ensures that thread continues through the operation of client-facing teams, where clients can contact a trading services team 24 hours a day from 8am Saturday to 10pm Friday, and 75% of calls are picked up in under 15 seconds. High value clients receive dedicated support from premium client management teams, as well as access to exclusive content and events. This support underpins IG's long-term relationships with its clients.

Further into their journey, IG wants clients to have access to all the support they need – whether through free analysis and market commentary, end-to-end education in the form of IG Academy or, for premium clients, exclusive content from financial media company Real Vision.

Win with our technology
The size and skill of IG's internal development team (38% of employees work in technology) allows the Company to deliver a broad, flexible system that comprises IG's own proprietary technology, as well as third-party solutions purchased off the shelf for commoditised applications.

The modular nature of this system allows IG to re-use and re-deploy existing technology across front-end and execution platforms, as well as support systems, to quickly and cost-effectively react to new opportunities.

Tailor client propositions
IG segments its client base to be able to deliver tailored content and services. The three key segments are high-value, retail, and institutional. The offering each segment receives is individual, providing clients with engaging products to access the markets they want, how they want.

Broaden our product range
Markets vary in their consumer preferences, commercial opportunities and regulatory environment. Therefore, while IG provides products that enable clients to cost-effectively access financial markets in a leveraged manner, it does vary the products offered in any given region to suit the local environment.

Extend our geographic reach
IG wants to enter new, exciting markets where it sees real opportunity that can be sustained over the longer term. In doing so, the Company combines the scale and depth of expertise of a global business with the regional knowledge and awareness of a local business.

THE BUSINESS TODAY

IG has experienced significant change over its 45 year history and will continue to do so – driven by an evolving regulatory environment, shifting patterns of wealth, and the continued evolution of financial markets around the world. The Group operates in a regulated environment, and changes in regulations, such as the European Securities and Markets Authority (ESMA) product intervention measures which came into effect during the 2019 financial year, can have a significant impact in the short term on the Group's business. In IG's experience, when proportionate regulation has been applied consistently and appropriately, client outcomes have improved, and compliant providers have benefited over the longer term. The Company adheres to the highest regulatory standards, differentiates itself within the industry through its good conduct, and believes it is well positioned to continue to adapt to regulatory change and to thrive in an evolving market.

The Group benefits from the increasing demand for leveraged trading as a result of increasing wealth, growing self-direction and growing interest in international assets, which act as strong tailwinds for the Group.

(1) Based on internal data, April–June 2019

VISION AND STRATEGY CONTINUED

The Group believes that its leadership position across many markets around the world, and its strategy, positions it to maximise the opportunities presented by these tailwinds.

GROWTH LEVERS

The business has identified four growth levers that will be deployed as the Company seeks to grow in its core markets, and to expand into new products and geographies. How the levers are deployed, and the number of levers deployed varies depending on the individual requirements of each geography and market.

Expanded distribution channels

The majority of IG's business today is based on a direct relationship with its clients, although it does work with a range of partners across its geographic footprint. As the Company moves into new markets it will seek to accelerate its growth by expanding the range of partners it works with, allowing the Company to scale its distribution and reach new clients quickly.

A global firm with more local focus

IG is seeking to enter new, exciting markets where it has identified significant opportunities that can deliver sustainable growth over the longer term. How IG chooses to enter these markets will depend on local characteristics. IG will draw on its proven centralised expertise, combined with deep understanding of the local market, to tailor products for individual markets and client segments, delivering engaging experiences for all of its clients.

Segmented target markets

IG serves a wide range of client segments including high-value, retail and institutional. Each segment has *different needs and objectives, and IG customises its* offering for each. High value clients receive preferential fees *and exclusive content through relationships with partners* such as Real Vision. Retail clients have access to IG's broad *product range and easy to use risk-management features,* receiving tailored experiences powered by machine learning. IG's institutional clients benefit from its global, multi-asset product range, exceptional liquidity and access, via IG, to its tier one prime brokers. IG will continue to evolve its offering for each segment.

Multi-product

IG recognises that markets differ in the preferences of their consumers and in their regulatory environment. By focusing on delivering products that enable clients to cost effectively access financial markets, IG is able to adapt the product offering in any given region to suit the local environment. IG's products can be categorised in three groups.

- OTC leveraged derivatives
- Exchange traded derivatives
- Non leveraged products, including cash equities and a *managed investment service*

CORE MARKETS

The Group generated revenue in its core markets of the UK, EU (CFDs), Australia, Singapore and EMEA non-EU of *£417.4m in the 2019 financial year.*

The demand for OTC leveraged derivatives in these markets is expected to continue to grow. The Group expects to benefit from this *underlying market growth and to gain* market share through better client segmentation and localisation, focusing on the high-value and institutional client segments.

The business regards itself as the natural home for the highest-value clients, and aims to further develop the size and quality of its client base in these markets – the long-term driver of growth for the business.

SIGNIFICANT OPPORTUNITIES

The significant opportunities represent areas where IG sees itself as well-placed to capitalise on its existing strengths to gain significant revenue growth. In the 2019 financial year, the Group generated £59.5m of revenue in these markets

EU (new products)

The Group believes that the opportunity to launch new leveraged trading products in the EU is substantial. Through the launch of IG's multilateral trading facility (MTF), Spectrum, the Group is seeking to take a meaningful share of the on-venue turbo market which it has not previously addressed. Spectrum will launch with turbos on equity indices, currencies and commodities, and the aim is to expand that product set to include single name equities in the future. The Group expects to attract other brokers to the Spectrum offering.

US

The combination of the Group's long established retail derivatives exchange, Nadex, with its recently launched OTC forex business provides IG with a unique product set to promote to the market. The Group believes that as one of four providers, it will capture a significant share of the OTC forex market, through its compelling pricing *and client service offer. The Group will also be able to* take full advantage of the US leads generated from its *DailyFX website.*

Japan

The size of the leveraged derivatives market in Japan is significant and IG's share, although improved in the 2019 financial year through the launch of new products, remains small. The Group is targeting significant further uplift in market share and revenue through localisation of the product set and an increase in marketing activity. The Group has also invested in new leadership and will seek to develop partnerships with local providers who benefit from a large existing client base.

Emerging markets
The Group is seeking to achieve a step change in its scale, predominantly in Asian markets, where it does not currently have a physical presence, by establishing partnerships with licensed entities. The quality of the product set and technology and the scale of the business make IG an attractive partner in this region. The Group is establishing a local business development presence in this region to facilitate partner relationships, and to investigate opportunities in the leveraged securities market.

Institutional
The Group is bringing a new focus to its institutional offering by targeting family offices and small hedge funds, utilising the Group's platform capability, range of markets and depth of liquidity to gain market share in this segment. The Group will address these clients with a proposition and product offer tailored around their specific needs.

MEDIUM-TERM FINANCIAL TARGETS

Through the successful implementation of the Group's strategic plan, IG is targeting:

- *Revenue growth in its core markets at around 3-5% per annum over the medium term*
- An increase in revenue from its significant opportunities markets of £100m, to around £160m in the 2022 financial year

Assuming these targets are achieved, the Group's revenue in the 2022 financial year will be around 30% higher than the 2019 financial year

Delivery of this targeted revenue growth will require additional investment. Operating expenses, excluding variable remuneration, were £259.6m in the 2019 financial year, and are expected to increase by around £30m in the 2020 financial year. This is primarily due to additional investment in prospect acquisition to continue to promote the IG brand, to grow the size and quality of the client base, and to establish the new businesses in the EU and the US. In subsequent years the Group expects its operating expenses, excluding variable remuneration, to increase at a lower rate than revenue

BUSINESS MODEL AND RISK PROFILE

IG exists to empower informed, decisive, adventurous people to access opportunities in the financial markets.

The Business offers its clients opportunities to trade in a wide range of markets, including equity indices, individual equities, forex, interest rates and commodities, through online dealing platforms.

The Business also offers its clients a stock trading platform, as well as an innovative portfolio-based product for longer-term investment purposes, in partnership with BlackRock, one of the world's leading asset managers.

RISK PROFILE

IG's business model is based on generating a return from its services through transaction fees (spread, commission and funding charges) charged to clients. The level of revenue in any period is predominantly driven by the number of active clients the Business serves in that period and the level of activity undertaken by each client.

The Business does not seek to generate returns from actively taking market risk; it does not take proprietary trading positions, and its revenue is not dependent on the direction of market movements.

Under its business model, the Group accepts some exposure to market risk in order to optimise the efficiency and effectiveness of its services to clients. The Business manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach pre-defined limits. As a result of its business model, the Group's revenue is driven by transaction fees charged to clients and is not significantly affected by movements in market prices.

As a result of its business model the Group also faces client credit risk, counterparty credit risk, liquidity risk and capital adequacy risk.

The Group also faces operational risks, including those arising through technology, people, process and external events.

The Group faces conduct risk relating to how it deals with its clients and with the markets.

IG operates in a dynamic competitive environment, and its revenue is dependent on the number of active customers and the level of their activity. The Business therefore faces risks relating to market conditions and its competitive position.

The Business operates in a number of geographic markets and is regulated by various different financial services regulators in those markets. These regulations affect how the Business is able to market and provide its services to clients. The regulations relating to the products and markets in which the Business operates are continually evolving. IG supports the objectives of national regulators to improve client outcomes, but the Business faces risks arising from changes in its regulatory environments that may adversely impact its activities or its competitive position.

The business model allows the Group to serve its clients effectively and to generate good returns for shareholders whilst maintaining a low appetite for those risks it can manage directly. This is reflected in the Board's Risk Appetite Statement and the Key Risk Indicators (KRIs) used to monitor these risks. Refer to pages 56 to 62 for more detail on IG's Risk Management Framework.

CLIENTS

IG's clients are knowledgeable and demanding. They expect a broad product range, outstanding execution, and highly sophisticated technology, which they use to trade frequently.

The majority of IG's clients are individuals, not corporates. IG also provides services to corporates and institutions, including asset managers, hedge funds, broker-dealers and competitors.

Regulators require firms to segment clients using classification regimes which allow regulators to provide protection to clients according to their needs. Most regimes have three categories – licensed firms, corporates and wealthy and sophisticated individuals, and all other individuals. In the UK and EU these groups are called Eligible Counterparties, Professionals and Retail, respectively.

IG offers clients in the UK and EU the opportunity to apply to be classified as Professional, and clients in other jurisdictions where similar client categorisation regimes exist can apply for the relevant categorisation. Clients who apply are required to demonstrate compliance with a set of rigorous eligibility criteria to ensure that they are suitably qualified for their designation.

A Professional client in the UK and EU loses some of the regulatory protections offered to Retail clients, and Professional clients are not subject to the product intervention measures implemented by the European Securities and Markets Authority (ESMA) which are now being adopted by regulators in the UK and across the EU.

IG ensures that commitment to its customers is embedded in Company culture and strategic initiatives, and regularly seeks and reviews feedback from clients. This enables the Company to develop products and services specifically to meet the needs of active traders and investors globally.

Central to the Company's commitment to its customers is the quality of its order execution. IG processes 100% of active client trades automatically and never requotes prices. Should a significantly better price become available for customers during the dealing process, IG's innovative price-improvement technology enables customers to receive that better price during trade execution.

Client investment requirements and appetite for risk changes over time, affected by factors such as family or financial commitments or the need to plan for retirement, and this has offered IG the opportunity to broaden its product set to appeal to sophisticated investors.

The Company's range of products includes stock trading and investment portfolios, and clients are able to hold their investments in ISAs and SIPPs. Offering these services allows the Company to deepen and lengthen its relationship with clients by catering for their evolving needs.

In addition to dealing directly with clients, IG services clients introduced through third parties who do not have their own platform, and who want to take advantage of our award-winning dealing technology and expertise. These third parties introduce their clients to us, and IG handles all trading activity and provides back-office support. The introducer manages the client relationship. IG carefully assesses the risk and potential returns from introducers, and only partners with reputable institutions that are committed to the same rigorous standards of regulatory compliance as the Company, and that fits its risk profile.

Appropriateness

Leveraged derivative products are not appropriate for everyone, and good conduct is particularly vital in relation to marketing and client recruitment to prevent poor consumer outcomes. When designing products, IG has a very clear target audience in mind. The Company works hard to ensure that advertising is reaching its target audience, and that its clients appreciate the risks involved with its products and understand how its services work.

IG also conducts rigorous checks to ensure that all promotions are clear, fair and not misleading, and that risks are not downplayed compared to the benefits of our products.

Before IG allows a prospective client to open an account, it carries out an assessment to determine whether its products are appropriate for them. The Company actively questions applicants to assess whether they have the necessary knowledge and experience to understand the risks involved. IG asks clients for details of their income and savings, both at account opening and in regular rolling reviews. In addition to providing clear warnings about the appropriateness of the product and depending on the results of this assessment, IG may decline to open an account, or provide an applicant with a type of account where risk is limited. IG may also close an open account if a client's circumstances change and the Company believes the account is no longer appropriate for the client.

Client outcomes

To consistently deliver fair outcomes and positive experiences, IG puts its clients at the heart of everything it does. The Company strives to ensure that it understands their needs. IG has a very low tolerance for poor consumer outcomes, and is committed to continued investment in process, training and culture to prevent unsatisfactory customer experiences and outcomes and to address root causes where any practice falls short.

IG's clients are knowledgeable traders who gain utility out of their trading experience, and enjoy the intellectual challenge of speculating on the direction of market movements. They accept that they may lose money as part of their trading experience. IG makes it clear that its trading products are not investment products and as such, does not believe that client losses are the sole indicator on which to judge client outcomes. Instead, the Company looks across a broad range of metrics, including satisfaction, appropriateness trends, complaints statistics, trade to query ratios, customer pain points and financial outcomes to ensure that it provides good consumer outcomes.

Client acquisition and education

IG has a strong brand, built up over 45 years. The Group seeks to acquire new clients through client referrals, word of mouth, natural search and premium client manager relationships, all supported by a targeted global marketing effort, with online marketing managed centrally and offline activity managed by country offices. IG's sophisticated online marketing uses an algorithmic approach, which enables it to reach larger numbers of the right prospects more efficiently. The Company is able to react immediately to world events, creating campaigns rapidly and rolling them out to relevant regions, with appropriate local adjustments.

As well as marketing its products directly, IG provides a number of education, news and analysis services, which encourage people to engage with the Group and to learn about its products and how to trade effectively and responsibly. These include online courses, webinars and seminars via IG Academy, a suite of YouTube videos and the DailyFX news and analysis website. These assets reinforce IG's commitment to transparency, ensuring that new and existing clients are well-informed about IG's services and the economics of trading the financial markets. The Company's high value UK and EU clients are additionally able to access exclusive content provided by Real Vision, a premium provider of innovative financial markets content.

IG's extensive educational resources include an introduction programme that promotes responsible trading. Clients can access expert tutorials, which cover everything from fundamental trading concepts to risk management. IG seeks to ensure that this content is engaging and is targeted towards client needs.

IG also provides an extensive range of trading tools, such as regular free news, commentary and analysis both in-platform and on our website. The Company offers charting packages and various technical analysis tools that enables clients to screen markets for trading opportunities, and to receive alerts when trading signals appear.

Client risk management tools

IG takes its responsibility to help clients understand the risks associated with trading very seriously and provides them with tools to manage these risks. Given its business model, it is in IG's interest to develop lasting relationships with clients as clients who are more successful stay with the Company over the long term and become more valuable.

IG has a number of services designed to help clients limit any losses they may make.

BUSINESS MODEL AND RISK PROFILE CONTINUED

IG's close-out monitor (COM) liquidates clients' positions when their margin has been significantly eroded, and helps protect clients by closing positions automatically. At 31 May 2019, 99.99% of all client accounts were subject to the COM procedure.

IG's clients can choose to attach guaranteed stops to their positions, so that they know their maximum possible loss at the outset of a trade. The Company's innovative charging system encourages clients to use guaranteed stops; no premium is payable for attaching a guaranteed stop unless it is triggered. IG was the first provider to offer guaranteed stops on this basis.

Since 1 August 2018, all Retail clients in the UK and EU have benefited from negative balance protection. This gives these clients the guarantee that they cannot lose more capital than they have on their account.

In jurisdictions where negative balance protection is not mandatory for retail clients IG offers a limited-risk account through which every trade has a guaranteed stop, providing protection on both an individual trade and overall account basis.

REVENUE GENERATION

The Group's business is conducted through four revenue-generation models: OTC leveraged derivatives, exchange traded derivatives, stock trading and investments.

OTC leveraged derivatives

The vast majority of the Group's revenue is derived from OTC leveraged derivatives. Clients enter into derivative instruments: contracts for difference, financial spread bets and options. These enable them to take long or short positions, for varied durations, in a wide range of financial and other markets, gaining exposure to price movements in those markets without needing to buy or sell the underlying asset.

The Group's OTC leveraged derivatives are priced by reference to prices in the underlying markets. When markets are open, the prices of the derivative contracts are updated in real time, reflecting the prices in the underlying markets. For the majority of derivatives, the price includes a spread around the underlying market price. For some derivatives on single equities, clients are charged a commission instead, and the contract does not include a spread. Clients are charged funding when long positions are held overnight, and receive funding when short positions are held overnight.

The Business faces market risk as IG is the counterparty to the OTC leveraged derivatives that clients enter into. The Group accepts this market risk in order to allow instant execution of client orders. The Business manages the market risk it faces through internalisation – allowing individual client trades to offset against each other – and by hedging the residual risk in each market at pre-defined limits, by entering into derivative contracts with its hedging brokers. The Group seeks to hedge its residual market exposures in an efficient manner by grouping its correlated exposures into asset classes, and therefore does not hedge its exposures exactly, which gives rise to basis risk.

Through the process of internalisation and hedging, the Group limits the market risk it faces, so that its trading revenue from OTC leveraged derivatives predominantly reflects the charges paid by clients through spread, commission and funding, less the costs incurred in hedging, results in consistently low variability of revenue. Internalisation is key to the Group's business model and profitability, as it reduces the cost of hedging market risk in the underlying markets.

The majority of the OTC derivatives offered by the Group are 'leveraged'. Clients trade contracts for difference or financial spread bets on 'margin'. Clients only need to have sufficient funds in their account to cover the margin required to enter into a derivative contract, not its full value.

Margin is usually expressed as a percentage of the notional value of the trade, and margin trading allows a client to use leverage to take a position in a market with a notional value that is significantly in excess of the funds they are required to deposit. Leveraged derivative contracts therefore magnify the gains or losses a client can make relative to the funds deposited.

The Group faces client credit risk, as leveraged contracts can result in a client making losses in excess of the funds in their account, and they may be unable to fund those losses. The level of margin for each contract is set according to any relevant regulatory requirements and the volatility of prices in the underlying market, which reduces the client credit risk faced by the Group.

The Group's OTC leveraged derivatives activities give rise to liquidity risk. The Business trades its hedging contracts on margin, and IG is required to deposit initial margin with its brokers, reflecting a percentage of the gross amount of open positions with each broker. As the gross amounts of open positions change, as market prices move and as the nature of the open positions change, the amount of margin the Group has to deposit also alters, and the Group is required to deposit margin with its brokers on demand. The Business therefore faces liquidity risk through its hedging activities, and counterparty credit risk through the amounts it holds on deposit with its brokers.

The Group sets its own limits against each hedging counterparty, with the Group's exposure to any one hedging counterparty also restricted by regulation-defined large exposure rules. The Group's intention is to maintain a number of different hedging relationships to provide it with sufficient capacity for its hedging requirements.

Exchange traded derivatives

The Group's revenue from exchange traded derivatives is principally derived from its ownership of Nadex, a US based regulated derivatives exchange, on which clients can trade options contracts on a wide range of underlying markets, with various strike prices and expirations. Clients become members of the exchange, and pay a trading fee on each side of the trade – once to open, and once to close. Under this model, clients do not trade on margin, and therefore these contracts do not involve leverage, and the exchange does not face either market or client credit risk.

In the 2020 financial year IG will deliver a full marketing launch for its Frankfurt-based multilateral trading facility (MTF), Spectrum, which offers retail clients in the EU, except the UK, the opportunity to trade transferrable securities in the form of turbo warrants. Spectrum offers these securities on a wide range of underlying markets. Clients can trade on Spectrum through a broker or bank that has a standard membership of the exchange. All members must fulfil the eligibility criteria set out in the rulebook as required by the regulator

Prices for contracts listed on Nadex are provided by market makers, who are also members of the exchange and pay fees for trading. Liquidity is provided to the MTF by market makers who must be categorised as a market making member of the exchange. IG operates as one of the market makers to Nadex, and intends to operate as a market maker to the MTF, and will face market risk as a result of this activity.

Stock trading
The Group operates an execution-only stock trading platform, through which clients can buy and sell individual equities listed on exchanges around the world.

The Group charges a transaction fee for each purchase and sale transaction, and there is a custody fee which is returned as a rebate to clients who undertake a minimum level of transactions in the period. IG's trading revenue from this service is net of the execution fees the Group pays in the market.

Clients fund the purchase of equities in full at the time of placing the order. This activity does not give rise to any market risk or client credit risk for the Group.

Investments
The Group offers a portfolio based investment service. From the results of an online questionnaire, clients are advised which of five portfolios comprising a basket of exchange traded funds (ETFs) is best suited to their needs. These portfolios rebalance periodically. Alternatively, clients can choose their own portfolio of ETFs to reflect their investment profile

The Group charges a percentage fee on the value of the assets under management, and its revenue from this segment reflects these fees less the amount paid to the provider of the ETFs.

Clients fund the purchase of the investments in full at the time of placing the order. This activity does not give rise to any market risk or client credit risk for the Group.

DIFFERENTIATION AND CORE STRENGTHS

Business model and risk management
IG's business model ensures that the interests of the Company are aligned with those of its clients. As a result of the internalisation of client positions and its hedging policy, revenue is earned from client transaction fees, and it is the volume of client trading that drives revenue, not client losses. The Business benefits when clients trade well, as they are then more likely to continue to trade. This underpins IG's culture of championing the client.

IG has operated for 45 years and has well-established processes for identifying and managing risks. IG focuses on the long term, and on doing things properly to support a sustainable, growing business.

As a result, the Company's shareholders and IG's many stakeholders, including clients, regulators and suppliers, can have confidence that the Business has the capacity to manage the risks it faces, and that it will be able to continue to operate normally under stressed conditions and through financial market volatility and operational risk events

Brand and reputation
IG is a global leader in online trading and the trusted partner for more than 178,500 active clients. A FTSE 250 company with market capitalisation of £1.98 billion on 31 May 2019, the Group has a long history of profitability and financial strength.

IG was created in 1974 as the UK's original OTC leveraged derivatives provider, introducing a completely new, accessible way for people to trade on the price of gold, by defining it as an index. Since then, the Group's innovative, client-focused approach has enabled the Business to grow, expand internationally and broaden its product range, and today IG is the world's No.1 CFD provider[1] as well as maintaining its considerable UK market leadership in OTC leveraged derivatives.

The unified global IG brand was established in 2013 through the acquisition of the IG com domain. This pivotal event gave the Group the framework to consolidate its global web traffic through a single route in order to focus on online leadership – something that is increasingly important for acquiring, educating and providing a high level of service for clients

Clients and client experience
IG's clients are of the highest quality. They are informed, self directed, sophisticated traders who are loyal to the Company and its services. The Business has the best client tenure statistics in the industry.

Providing clients with the best service is at the heart of the corporate culture at IG. The operating model and offices around the world allow the Business to provide an uninterrupted service to clients. In addition to the global network of offices, the Business has operations and development centres in Krakow, Bangalore and Johannesburg that allow the Group to access the skills needed to support clients.

The Business offers a range of free seminars and online tutorials for clients and provides dedicated 24-hour support from our client services team. This team is fully trained to understand our products and how they are best suited to individual clients. Clients can contact IG client services through email, telephone and web chat. The Business seeks to ensure that correspondence with clients is always clear and fair, and is never misleading.

(1) Based on revenue excluding FX (published half-yearly financial statements, June 2019).

BUSINESS MODEL AND RISK PROFILE CONTINUED

To ensure that clients are at the heart of the Business, feedback is encouraged and IG offers clear channels for comments and complaints. The Business closely monitors its service standards through key performance and risk indicators tracked in real time.

Technology and innovation

The Group's success has been founded on developing technology that is market-leading and empowering for clients. IG was the first company in the sector to launch an online dealing platform, in 1998, and the first to launch a mobile app with live price streaming, in 2003. The Company first offered a CFD on bitcoin in 2013. The Business invests in developing new tools and features for its client-facing platforms – a continuous process that is directed by detailed research into clients' evolving needs.

The Group provides clients with trading platforms that meet their requirements, whether they access them from home or on the move, via a web-based platform, smartphone apps for a range of operating systems or a progressive web app (PWA). The speed, customisation facilities and integrated news and analysis feeds of the platform are at the cutting edge of trading technology. Designed to provide an intuitive, personalised experience for traders of all styles and knowledge levels, IG's trading platform is at the core of the suite of trading tools and resources offered to clients.

For more advanced and institutional clients, the Business provides a range of professional technology, including a Direct Market Access (DMA) platform, sophisticated technical analysis tools and web application programming interface (API) solutions.

Conduct and standing with regulators

IG always seeks to operate in the client's best interests. The Business targets its marketing and advertising to an appropriate audience and seeks to ensure that it opens leveraged trading accounts only for clients for whom the product is appropriate. The Business seeks to ensure that all clients are treated fairly. It provides educational and training materials to clients to help them understand our products and services well, so that they gain utility from trading. The Group believes that this approach results in a high level of trust in the Business by clients and is an important contributor to lasting client relationships.

IG adheres to the highest regulatory standards. Employees around the world are responsible for maintaining an open and constructive dialogue with local regulators, informing them of business plans and ensuring that IG's actions are consistent with regulatory expectations. As a result, IG has strong working relationships with its regulators around the world, which is fundamental to the sustainability and growth of the Business.

People and culture

IG has an experienced, long-serving team that understand its clients, what they need and what drives them, facilitating the delivery of an outstanding platform and client service. IG's people also understand the obligations that come with being the market leader in a highly regulated industry, operating with integrity and with respect for clients, regulators and other stakeholders. IG's culture is expressed through its values – 'champion the client', 'lead the way', and 'love what we do'.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS

THE IMPACT OF CHANGES IN THE REGULATORY ENVIRONMENT

IG operates in a highly regulated environment which continues to evolve. During the first quarter of the 2019 financial year the temporary product intervention measures introduced by the European Securities and Markets Authority (ESMA) came into effect in the UK and the rest of the EU. These measures restrict the marketing and sale of CFDs, and include leverage restrictions, loss protections and risk warnings. National competent authorities in most EU member states have confirmed they will introduce permanent measures that are similar to the ESMA measures, including the UK's Financial Conduct Authority (FCA).

These measures have had a significant impact on the Group's revenue in the financial year, and it remains difficult to estimate accurately the long-term impact on clients and the Group's revenue under new regulations. Three quarters of the Company's revenue is now generated from clients in jurisdictions where restrictions on the sale and marketing of CFDs have been implemented. It is expected that restrictions will be introduced in other jurisdictions over time which may reduce or limit the Group's revenue from clients in those jurisdictions.

The Company has been developing a number of contingencies to mitigate the impact of regulatory change and retain choice for clients. IG has a history of innovation and flexibility, and a proven track record of deploying technology and skills to adapt its business in response to regulatory and market changes. In the Company's experience, when tighter regulation has been applied appropriately, client outcomes have improved; the industry has become more sustainable and high-quality providers, like IG, have benefited over the longer term.

Over the last 45 years, IG's strategy has been one of differentiation within the industry, through its adherence to the highest regulatory standards and its focus on fair outcomes for clients. IG believes in robust, proportionate and consistently applied regulatory oversight of the CFD sector, and as such fully supports the regulatory objective to improve consumer outcomes across the industry.

THE LEVEL OF MARKETING SPEND, THE EFFECTIVENESS OF MARKETING IN ATTRACTING NEW CLIENTS AND THE RATE OF CLIENT ATTRITION

IG's business model is based on generating revenue from its services through transaction fees charged to clients. The level of revenue in any period is predominantly driven by the number of active clients the business serves in that period and the level of activity undertaken by each client.

The Group invests in marketing each year to attract new OTC clients, and seeks to retain clients through the provision of quality services and products. The number of unique active OTC clients increased each year from the 2015 financial year through to the 2018 financial year, with the number of new clients trading for the first time each year, together with the number of clients who returned to trading, exceeding the number who stopped trading. This trend was a key driver of revenue growth in that period. In the 2019 financial year the number of active OTC clients fell, primarily due to the introduction of the ESMA product intervention measures which made CFDs less attractive to Retail clients, and the number of clients who have ceased to trade exceeded the number of new and returning clients.

The Group continues to focus on the effectiveness of its targeted marketing, and manages the level of marketing spend to maintain an attractive payback on the investment. The level of marketing spend in any period varies according to the perceived opportunity to spend effectively.

Changes in the level of marketing spend, in the effectiveness of that spend, or in the rate of client attrition and reactivation could have a significant effect on the Group's future performance.

THE LEVEL OF INVESTMENT IN, AND SUCCESS OF, NEW INITIATIVES

The Group continues to identify opportunities to invest in new initiatives, to further broaden its range of products and services and its geographic coverage.

In the 2019 financial year, the Group launched a major new initiative in the US. The US retail foreign exchange dealer (RFED) offers forex trading to clients in what the Group perceives to be an underserved market. The Group's technology experience and competitive pricing position it well to succeed in this market.

The Group has also started the operation of its multilateral trading facility (MTF), Spectrum, in Europe. Spectrum is a fully regulated exchange based in Germany that will enable European clients to trade a range of turbo warrant products on exchange.

The Company announced its updated strategy and medium term financial targets on 22 May 2019, which included a number of new initiatives. Investment in new initiatives, broadening the product range and diversifying into new geographical markets, are key to the Group's growth strategy. Future performance will be affected by the success of such initiatives.

THE LEVEL OF VOLATILITY IN FINANCIAL MARKETS

One factor affecting the Group's ability to attract new clients, and the willingness of clients to trade, is the volume of opportunities clients perceive are available to them in the markets. Higher levels of volatility in financial markets tend to generate trading opportunities, which support the Group's efforts to attract new clients and the level of individual client trading activity. Measures of financial market volatility, such as the VIX index, have been at historically low levels during the 2019 financial year which has reduced the level of revenue generated by the Group's businesses. It is expected that an increase in the general level of financial market volatility would be beneficial to the Group's revenue, which is therefore partly dependent upon market conditions.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS CONTINUED

THE UK'S EXIT FROM THE EUROPEAN UNION

During the 2019 financial year the Group started the operation of its new client-facing subsidiary, IG Europe, which is domiciled in Germany, and has transferred the majority of its EU-resident client base to contract with this entity. The terms and nature of the arrangements under which the UK will leave the EU remain unclear, but the Group now operates through a structure that provides certainty that it will be able to offer its regulated financial products in all EU member states following the UK's exit from the EU.

ACTIONS OF COMPETITORS

The Group operates in a highly competitive environment, which includes some unregulated and illegal operators at one end, and some highly regulated operators offering similar products to IG at the other. The actions of the Company's competitors in response to regulatory change in the EU, and the extent to which its competitors comply with both the letter and spirit of the new regulations, may affect IG's competitive position within the industry, and may affect the reputation of the industry as a whole. IG and its regulated competitors may innovate in the leveraged trading sector, which could lead to firms other than IG establishing competitive first-mover advantages in new product lines.

OVERVIEW OF THE 2019 FINANCIAL YEAR

The Company made good strategic and operational progress during the 2019 financial year, taking action to ensure that the Business successfully navigated the impact of regulatory change, and positioning the Business so that it will continue to deliver for its clients, shareholders and other stakeholders under a more restrictive regulatory environment in the UK and EU.

The Company appointed June Felix as its new CEO on 30 October 2018.

The European Securities and Markets Authority (ESMA) product intervention measures came into effect during the first quarter of the Group's financial year (Q1 FY19). The prohibition on offering binary options to Retail clients became effective from 2 July 2018, and the restrictions relating to the provision of CFDs to Retail clients were effective from 1 August 2018. The actions taken by the Group in preparation for these regulatory changes, particularly the launch of the online process to enable its sophisticated clients who meet the required criteria to apply to become categorised as a Professional client, have resulted in the Company successfully navigating the introduction of the ESMA measures.

In the last three quarters of the 2019 financial year, when the ESMA measures were in effect throughout, 66% of the Group's OTC leveraged revenue in the ESMA region was generated from Professional clients. The average revenue generated from Retail clients in the ESMA region has fallen by over 40% since the measures were introduced.

The Group's net trading revenue in the 2019 financial year was £476.9m, 16% lower than the £569.0m in the 2018 financial year. OTC leveraged revenue generated from clients in the ESMA region in the 2019 financial year was 26% lower than in the 2018 financial year, with 2[illegible]% growth in revenue from clients in the Group's businesses in the rest of the world. Both these figures are underlying changes, adjusting for the 1,600 clients who previously contracted with a UK entity who are now trading with an entity outside the ESMA region.

IG's track record of sustainable revenue growth over the medium and long term has been delivered through growth in the size and quality of its active client base. Revenue in any period is impacted by the level of financial market volatility, and the extent to which clients identify opportunities to trade. Market conditions throughout the 2019 financial year, and particularly in the second half of the financial year, were much less favourable overall than in the 2018 financial year, which was a record year for the Group. In the periods in the 2019 financial year when market conditions were more favourable and when the Group's high quality and loyal client base identified and took advantage of the increased opportunities to trade, the Group's revenue, which is driven by client transaction fees, responded favourably.

Operating costs excluding variable remuneration were £259.6m, 2% higher than in the prior year, with total operating costs of £284.3m, 2% lower than in the prior year due to the lower level of variable remuneration. Operating profit of £192.9m was 31% lower than in the prior year, with the operating profit margin at 40.4%. Basic earnings per share for the year were 43.1 pence, 30% lower than the prior year. The Board is recommending a final dividend of 30.24 pence per share, taking the full-year dividend to 43.2 pence per share. The Board reiterates that the Company expects to maintain the annual dividend at 43.2 pence per share until the Group's earnings allow the Company to resume progressive dividends.

BUSINESS DEVELOPMENTS

OTC leveraged derivatives

IG's business model ensures that its interests as a business are aligned with the interests of its clients, which sets it apart from most other companies in the industry. The Company believes that its culture of acting in the client's best interests, providing excellent client service, offering risk management tools, education and training resources, its innovative platform, and the quality of trade execution, are key differentiators. This creates a sustainable business, with industry-leading client tenure and client value metrics.

The Group's OTC leveraged derivatives business served 129,700 unique clients in the 2019 financial year, with an average revenue per client of £3,503. 55% of the Group's OTC leveraged revenue was generated from clients who have been trading with the Company for more than three years, and 85% of the revenue was generated from clients who have been trading with the business for more than a year. The average tenure of the Group's highest value clients in the 2019 financial year, defined as those clients generating 80% of the Group's revenue, was four years and nine months.

IG has continued to attract new, high-quality OTC leveraged clients, with 31,510 clients making their first trade in the 2019 financial year, contributing £66.8m of revenue. Each client cohort that the Company recruits has an enduring value for IG, generating revenue for many years. The Group estimates that the lifetime revenue value of the 2019 financial year client cohort will be around £300m.

To reinforce the Group's position as the natural home for the highest-value clients, further enhancements to the product and service offer for these clients were made during the second half of the financial year. Our high-value clients are now able to access Real Vision, a premium content video service which provides exclusive insight and analysis from a range of world-leading experts in finance. The business has also introduced a volume-based rebate scheme to facilitate retention and to incentivise clients to transition a greater share of their trading to IG.

During the first half of the 2019 financial year IG Europe (IGE), the Group's client-facing subsidiary in Germany, received its licence from BaFin and has been operational since January 2019. The vast majority of the EU (excluding the UK) resident client base has been migrated to this entity, which provides certainty that IG will be able to offer its regulated financial products in all EU member states following the UK's exit from the EU.

OVERVIEW OF THE 2019 FINANCIAL YEAR CONTINUED

In addition to offering a range of OTC trading products to retail and professional clients, IGE will also act as a broker to clients trading turbo warrants on Spectrum, the Group's EU-based multilateral trading facility (MTF). IG US, the Group's new US subsidiary, received approval during the first half of the 2019 financial year to become a member of the National Futures Association (NFA), and to operate as a retail foreign exchange dealer (RFED). The business launched in January 2019, and the Company believes that its retail forex offer in the US will be able to compete successfully in what is currently a limited competitive market with only three other providers. IG has the added benefit of the lead generation provided by the DailyFX website, which has over 1.5m unique visitors each month.

The Business has continued to develop innovative new OTC products. In October 2018, IG launched its knock-out option product in Japan, which has been very popular, generating record account opening levels for IG in Japan and creating significant internet search volumes. A new, limited-risk options product was introduced in the EU market in the 2019 financial year, broadening the range of OTC products that European clients can trade.

Exchange traded derivatives

The Group's exchange traded derivatives (ETD) businesses serve clients in those markets where there is a significant demand for ETD instruments in addition to, or instead of, OTC derivatives.

The on-exchange derivatives trading market in Europe is considerably larger than the OTC market, and the Group is seeking to provide clients who prefer trading in this way with access to a better product and service than is currently available. Spectrum has started operations, and the Group will commence its marketing campaign for Spectrum in September 2019 following the traditionally quiet European summer period. The Group will offer its own leveraged securities on Spectrum in the form of turbo warrants. These products are limited risk by nature, making the offering suitable for less experienced clients.

The Group is confident that it can make further inroads into the US ETD market, where the Company has been established for several years with its Nadex offering. Nadex provides its members with an accessible alternative to futures and options trading, on a wide range of underlying markets. In the 2019 financial year the Nadex business has continued its evolution with a significant increase in average revenue per client, reflecting the move towards a more sophisticated client base.

Stock trading and investments

The Group's stock trading offering is focused on serving the needs of active equity traders and helps to retain existing OTC leveraged clients, as well as providing an acquisition channel to attract new active traders to the Group for whom leveraged trading products may be appropriate. During the 2019 financial year the Company introduced a custody fee on its stock trading accounts.

The Group acquired 13,500 new stock trading clients during the year, taking the total number of active stock trading clients to 37,925. Multi-product clients (who trade both OTC leveraged products and also hold stocks in a stock trading or investment account) at the end of the year was 6,555. Multi-product clients are more valuable and trade for longer than the average single product client.

REGULATORY DEVELOPMENTS

The CFD industry needs to be regulated to reduce the risk of poor conduct by firms and poor client outcomes. IG is the world's leading provider of CFDs, and the Company adheres to the highest regulatory standards. Leveraged derivative instruments are not appropriate for everyone, and through its focus on ensuring that its marketing and advertising targets an appropriate audience, IG seeks to only accept clients who understand our products and the risks involved. The Company's long-held view is that robust supervision around who the product is marketed to, and which applicants are accepted as clients, remains the most significant measure to drive improved client outcomes.

Over three quarters of the Group's revenue is generated in jurisdictions where regulators have taken action to protect retail clients through, amongst other measures, restrictions on the leverage that can be offered. Leverage restrictions are not new to the industry. IG has operated successfully for many years in jurisdictions, such as Singapore, where leverage restrictions are in place. The decision by FSMA to impose product intervention measures in the UK and EU to address concerns around poor conduct and to improve client outcomes has introduced leverage restrictions into IG's biggest markets.

The Australian regulator, ASIC, is expected to open a consultation process regarding potential measures they may seek to apply to the CFD industry. The Group expects that any measures ASIC chooses to implement, which are expected to include leverage restrictions, will apply to Retail clients only and will exclude clients who elect to be categorised as a Wholesale client.

In April 2019 following a request from the Chinese State Administration of Foreign Exchange, ASIC asked all its licensed providers of CFDs to prevent Chinese nationals from trading through their platforms. IG ceased accepting new trades from Chinese resident clients in June 2019 and all accounts of Chinese resident clients in Australia will be closed by the end of July 2019. Chinese resident clients contracted to IG's Australian entity generated revenue of £2.7m in the 2019 financial year.

The leverage restrictions currently in place for forex for Retail clients in Singapore will, with effect from 8 October 2019, tighten from 50:1 to 20:1. The forex margin for accredited, expert and institutional investors will remain at 2%. This change is not expected to materially impact the Group's revenue.

The Group's focus on serving sophisticated and knowledgeable clients means that the business is well-placed to adapt and thrive in a stricter regulatory environment. In IG's experience, when proportionate regulation has been applied consistently and appropriately, client outcomes have improved, and compliant providers have benefited over the longer term

The ESMA product intervention measures came into force during the first quarter of the Company's financial year The prohibition on offering binary options to Retail clients became effective from 2 July 2018, and the restrictions relating to the provision of CFDs to Retail clients were effective from 1 August 2018. The restrictions relating to CFDs are outlined below:

- Leverage limits on the opening of a position by a Retail client from 30:1 to 2:1, which vary according to the volatility of the underlying asset:
  - 30:1 for major currency pairs
  - 20:1 for non-major currency pairs, gold and major equity indices
  - 10:1 for commodities other than gold and non-major equity indices
  - 5:1 for individual equities and other reference values
  - 2:1 for cryptocurrencies
- A margin close-out rule on a per account basis
- Negative balance protection on a per account basis
- A restriction on the incentives offered to trade CFDs
- A standardised risk warning

ESMA does not currently have the power to make these measures permanent and it is the responsibility of each National Competent Authority (NCA) to supervise and create policies within their own jurisdiction. To date, 24 NCAs across the EU have implemented the same or equivalent ban on binary options to Retail clients, and 17 have implemented measures relating to CFDs which are entirely or very closely aligned with the temporary ESMA measures. This includes BaFin in Germany, CNMV in Spain, Consob in Italy, AMF in France, and most recently the FCA in the UK published its policy statement on 1 July 2019 setting out its final measures restricting how CFDs are sold to Retail clients

On 3 July 2019 the FCA issued its consultation on the sale, marketing and distribution to Retail clients of derivatives that reference unregulated transferable cryptoassets by firms acting in, or from, the UK. Revenue from UK Retail clients trading cryptocurrency derivatives was £2.6m in the 2019 financial year.

OUTLOOK

As previously disclosed, the Company expects to return to revenue growth in the 2020 financial year The revenue growth of the 2020 financial year is expected to be delivered in the second half of the year, as the first quarter of the 2019 financial year was only partly impacted by the implementation of the ESMA product intervention measures.

As set out in the strategy update, the Group's operating expenses, excluding variable remuneration, are expected to increase by around £30 million in the 2020 financial year This is primarily due to additional investment in prospect acquisition to continue to promote the IG brand, to grow the size and quality of the client base, and to establish the new businesses in the EU and the US.

IG will continue to lead the way in the industry. The Company has delivered a profitable and sustainable business for more than 40 years by placing good client outcomes at the heart of everything it does. The Group has articulated its strategy to position the business so that it will continue to deliver for its clients, its shareholders and its other stakeholders, with clear medium-term financial targets.

The Board reiterates that it expects to maintain the 43.2 pence per share annual dividend until the Group's earnings allow the Company to resume progressive dividends.

OPERATING AND FINANCIAL REVIEW

SUMMARY GROUP INCOME STATEMENT

	FY19 £m	FY18 £m	Change %
Net trading revenue	476.9	569.0	(16%)
Net interest on client money	6.3	4.5	
Betting duty and FTT	(7.9)	(5.1)	
Other operating income	1.9	2.8	
Net operating income	**477.2**	571.2	(16%)
Operating expenses	(259.6)	(254.2)	
Variable remuneration	(24.7)	(35.9)	
Total operating costs	**(284.3)**	(290.1)	(2%)
Operating profit	192.9	281.1	(31%)
Net finance income/(cost)	1.4	(0.3)	
Profit before taxation	194.3	280.8	(31%)
Taxation	*(36.0)*	(54.4)	
Profit for the period	158.3	226.4	(30%)
Basic earnings per share	43.1p	61.7p	

NET TRADING REVENUE BY GEOGRAPHY

	FY19 £m	FY18 £m	Change %
UK	200.0	260.8	(23%)
EU	68.2	117.3	(42%)
EMEA non-EU	43.7	36.8	19%
Australia	70.0	69.5	1%
Singapore	41.0	40.1	2%
Japan	19.4	15.0	29%
Emerging markets	17.6	12.9	36%
USA	17.0	16.6	2%
Group	476.9	569.0	(16%)

OVERVIEW

The Group's net trading revenue in the 2019 financial year was £476.9 million, 16% lower than in the 2018 financial year, reflecting the impact in the UK and EU segments of the introduction of the European Securities and Markets Authority (ESMA) product intervention measures during the first quarter of the financial year, and the lower levels of volatility and financial market activity through much of the 2019 financial year compared with the previous year, particularly in the second half, which impacted the revenue across all geographic segments.

Net operating income in the 2019 financial year of £477.2 million was 16% lower than in the 2018 financial year, in line with the reduction in net trading revenue.

Operating expenses (excluding variable remuneration) increased by 2% to £259.6 million. Variable remuneration reduced by over 31%, and total operating costs of £284.3 million were 2% lower than in the 2018 financial year.

Operating profit in the year was £192.9 million, 31% lower than in the 2018 financial year, with an operating profit margin of 40.4% (FY18: 49.4%).

The Group's effective tax rate for the 2019 financial year is 18.5%, 0.9% lower than in the 2018 financial year, and profit after tax of £158.3 million, and earnings per share of 43.1 pence were both 30% lower than in the 2018 financial year.

NET TRADING REVENUE

Net trading revenue by product

	Revenue (£m)		
	FY19	FY18	Change %
OTC leveraged	454.2	548.4	(17%)
Exchange traded derivatives	16.8	16.6	1%
Stock trading and investments	5.9	4.0	48%
Group	**476.9**	**569.0**	**(16%)**

Revenue drivers by product

	Active clients ('000s)			Revenue per client (£)		
	FY19	FY18	Change %	**FY19**	FY18	Change %
OTC leveraged	129.7	144.6	(10%)	3,503	3,794	(8%)
Exchange traded derivatives	17.5	22.0	(20%)	958	756	27%
Stock trading and investments	37.9	35.5	7%	155	113	37%
Multi-product clients	(6.6)	(6.9)	(4%)			
Group	**178.5**	**195.2**	**(9%)**			

The Group's net trading revenue reflects the transaction fees (spread, commission and funding) paid by clients for the *trading service offered by the business ('client income'), net of the Group's external hedging costs, and net of client trading* profits and losses and hedging profits and losses.

The Group's business model is designed to give clients the best trading and execution experience available, and under the model clients receive more favourable execution than the business is able to achieve in external hedging.

As a result, the Group's net trading revenue will always be lower than the client income. In the 2019 financial year, net trading revenue was equal to 74% of client income (FY18: 73%).

In the 2019 financial year the Group generated 95% of its revenue from OTC leveraged derivatives. OTC leveraged revenue in the year was £454.2 million, 17% lower than in the prior year, with the number of active OTC leveraged clients 10% lower and with the average revenue per client down by 8%. The previous year, the 2018 financial year, was a record for IG. The reduction in revenue in the 2019 financial year reflects the less favourable market conditions during the year, particularly in the second half, and the impact of the ESMA product intervention measures which have restricted the revenue generated from retail clients in the UK and EU.

The £454.2 million of OTC leveraged revenue includes £66.8m (15%) generated from the 31,510 clients who traded with IG for the first time in the 2019 financial year. This is in line with the 15% of OTC leveraged revenue generated by the 39,179 new clients in the 2018 financial year. The 2019 financial year new client cohort generated on average £2,120 of revenue, compared with the £2,140 of average revenue from new clients in the 2018 financial year, demonstrating that the Group has maintained the quality of its new clients.

Each client cohort generates revenue for the Group for many years. In the 2019 financial year, 55% of the OTC leveraged revenue was generated from clients who have been trading with IG for more than three years (FY18: 52%). The average tenure of the Group's highest value clients in the 2019 financial year, defined as those who generated 80% of the Group's revenue, was four years and nine months. The Group expects the average revenue value of a new OTC client to be around £8,000 during the first five years of trading with IG, with an estimated lifetime client value of around £10,000. The Group estimates the lifetime value of the 2019 financial year client cohort to be around £300m.

Average OTC leveraged revenue per client was £3,503 in the 2019 financial year, 8% lower than in the 2018 financial year, due to the less favourable market conditions, which resulted in clients trading less frequently, and the impact of the ESMA product intervention measures, which resulted in a reduction in the average trade size by retail clients in the UK and EU. Average revenue per client in the 2019 financial year was 9% higher than in the 2017 and 2016 financial years, reflecting the Group's progress in developing the overall quality of its client base.

The Group's exchange traded derivatives revenue in the 2019 financial year of £16.8m came entirely from Nadex, the Group's retail-focused exchange in the USA. Revenue was in line with the prior year. The number of active clients reduced by 20% reflecting the decision to reduce marketing spend which has resulted in lower new client recruitment. This has been offset by the improvement in the retention rate, and by the 27% increase in the average revenue per client, as the business seeks to develop the overall quality of its client base.

OPERATING AND FINANCIAL REVIEW CONTINUED

Revenue from stock trading and investments increased by 48% to £5.9 million. The Group's stock trading offering is focused on serving the needs of active equity traders. The Group introduced a custody fee on its stock trading accounts in the 2019 financial year which is waived for clients who trade frequently, and which accounts for the majority of the increase in revenue

OTC LEVERAGED REVENUE BY GEOGRAPHY

	Revenue (£m)		Reported	Underlying
	FY19	FY18	change %	change %
UK	195.3	257.6	(24%)	(21%)
EU	68.1	117.2	(42%)	(36%)
ESMA region	**263.4**	**374.8**	**(30%)**	**(26%)**
EMEA non-EU	43.7	36.8	19%	2%
Australia	68.9	68.8	–	(10%)
Singapore	41.0	40.1	2%	
Japan	19.4	15.0	29%	
Emerging markets	17.6	12.9	36%	
USA	0.2	–	–	
Outside ESMA region	**190.8**	**173.6**	**10%**	**2%**
Total OTC leveraged	**454.2**	**548.4**	**(17%)**	

The Group's OTC leveraged revenue in the 2019 financial year from clients contracted to entities in the UK and the EU (the ESMA region) was 30% lower than in the 2018 financial year, reflecting the impact in these regions of the introduction of the ESMA product intervention measures during the first quarter of the year. During the 2019 financial year around 1,600 clients previously contracting with an entity in the ESMA region elected to open an IG account in Switzerland or Australia which are not subject to the ESMA product intervention measures. The underlying change in revenue shown in the tables above and below adjusts for the revenue generated by those clients in the 2019 financial year which is reported in EMEA non-EU and Australia, by adding it back to the UK and EU as appropriate. The underlying reduction in OTC leveraged revenue in the ESMA region was 26%.

The Group's reported OTC leveraged revenue in the 2019 financial year from its operations other than in the ESMA region was, in aggregate, 10% higher than in the 2018 financial year, with an underlying increase of 2%.

ESMA region

	Revenue (£m)		Reported	Underlying
	FY19	FY18	change %	change %
ESMA Professional	161.0			
ESMA Retail	102.4			
Total ESMA region	**263.4**	**374.8**	**(30%)**	**(26%)**

	Active clients (000s)			Revenue per client £		
	FY19	FY18	YOY %	**FY19**	FY18	YOY %
ESMA Professional	6.0			26,918		
ESMA Retail	74.8			1,369		
Total ESMA region	**80.8**	**99.4**	**(19%)**	**3,260**	**3,769**	**(14%)**

	Revenue (£m)		%
	Q1	Q2-Q4	Q2-Q4
ESMA Professional	38.4	122.6	66%
ESMA Retail	40.0	62.4	34%
ESMA region	**78.4**	**185.0**	

OTC leveraged revenue in the ESMA region was £263.4 million, 30% lower than in the 2018 financial year as reported, and 26% lower on an underlying basis. The number of active clients was down by 19% at 80,800 with average revenue per client of £3,260, down 14%.

The ESMA product intervention measures apply only to clients categorised as Retail under MiFID. Trading by clients who are categorised as Professional is not restricted by the measures. Since November 2017 the Group has provided an online process that allows clients to elect to be categorised as Professional. Up to the end of May 2019 the Group had received approximately 25,000 applications from clients requesting to be categorised as an elective Professional. The Group operates a rigorous and robust assessment process in compliance with the regulations, and has accepted 6,000 (24%) of the applications.

During the 2019 financial year the Group served 6,000 unique clients who are categorised as Professional. The ESMA measures do not apply to these clients and their trading has not been restricted. The average revenue per ESMA-region Professional client in the 2019 financial year was nearly £27,000.

In the three quarters of the financial year during which the ESMA measures were in place throughout, 66% of ESMA region revenue was generated from Professional clients.

The ESMA measures have impacted the activity of Retail clients, primarily through a reduction in the size of their trades, and in the number of clients who trade. The restrictions on leverage introduced by ESMA have reduced the attractiveness of OTC trading, both in absolute terms and relative to the other forms of trading available to Retail clients. Since the introduction of the measures we have seen a reduction in the number of active Retail clients and the revenue generated per client.

The impact of the ESMA measures has been more significant in the EU, where OTC leveraged revenue was 36% lower, than in the UK, where OTC leveraged revenue was 21% lower. This is due to the UK's client base including a higher proportion of Professional clients than in the EU, and because there are readily available alternative trading products for Retail clients in the EU.

UK and EU by quarter

In order to provide clarity on the activity and revenue generated from Professional and Retail clients in the period since the introduction of the ESMA measures, the tables below set out, for the UK and the EU separately, the metrics for each client group by quarter during the 2019 financial year, and the averages for the three quarters, Q2 through Q4, when the measures were in place throughout.

UK

	Revenue (£m)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
UK Professional	29.9	37.8	30.1	31.4	33.1
UK Retail	25.6	13.5	13.1	13.9	13.5
Total UK	**55.5**	**51.3**	**43.2**	**45.3**	**46.6**

	Active clients (000)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
UK Professional	3.7	4.0	4.0	3.9	4.0
UK Retail	31.8	28.6	28.8	28.7	28.7
Total UK	**35.5**	**32.6**	**32.8**	**32.6**	**32.7**

	Revenue per client (£)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
UK Professional	8,018	9,498	7,540	8,009	8,351
UK Retail	808	471	454	483	469
Total UK	**1,567**	**1,576**	**1,313**	**1,389**	**1,426**

More than 70% of the revenue in the three quarters of the financial year when the ESMA measures were in place throughout was generated from Professional clients.

The number of active Retail clients reduced by 10% in Q2 compared with Q1 and has remained stable in the subsequent quarters. Average revenue per Retail client reduced by over 40% in Q2 compared with Q1, and it remained fairly stable in the subsequent quarters, in contrast to the average revenue per Professional client which is more sensitive to financial market volatility. This leads us to conclude that trading by UK Retail clients is being constrained by the leverage restrictions, and as a result, although lower than in the periods prior to the ESMA measures being introduced, revenue generated from UK Retail clients is more stable quarter on quarter.

OPERATING AND FINANCIAL REVIEW CONTINUED

EU

	Revenue (£m)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
EU Professional	8.5	8.4	7.1	7.8	7.8
EU Retail	14.4	7.3	6.7	7.9	7.3
Total EU	**22.9**	**15.7**	**13.8**	**15.7**	**15.1**

	Active clients ('000s)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
EU Professional	1.2	1.3	1.2	1.1	1.2
EU Retail	20.2	17.3	17.8	18.1	17.7
Total EU	**21.4**	**18.6**	**19.0**	**19.2**	**18.9**

	Revenue per client (£)				
	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q2–Q4 Average
EU Professional	7,273	6,704	5,931	6,870	6,500
EU Retail	713	422	378	436	412
Total EU	**1,070**	**846**	**726**	**818**	**796**

More than 50% of the revenue in the three quarters of the financial year when the ESMA measures were in place throughout was generated from Professional clients. The average revenue per Professional client in the EU is around 25% lower than in the UK, where the Group has its longest-standing and highest-value client base.

The number of active Retail clients in the EU reduced by 14% in Q2 compared with Q1, however the number of active Retail clients in the EU has increased in subsequent quarters. The number of active Retail clients in Q4 was 10% lower than in Q1. Average revenue per Retail client reduced by 41% in Q2 compared with Q1, and it has remained fairly stable in the subsequent quarters.

Other core markets

	Revenue (£m)			
	FY19	FY18	Reported YOY%	Underlying YOY%
EMEA non-EU	43.7	36.6	19%	2%
Australia	68.9	68.8		(10%)
Singapore	41.0	40.1	2%	2%

	Active clients			Revenue per client (£)		
	FY19	FY18	YOY%	**FY19**	FY18	YOY%
EMEA non-EU	6,815	6,507	5%	6,406	5,655	13%
Australia	18,797	18,658	1%	3,669	3,687	-
Singapore	[illegible]	9,313	(1%)	[illegible]	[illegible]	[illegible]

Reported revenue in EMEA non-EU, which includes Switzerland, Dubai and South Africa, of £43.7 million was 19% higher than in the 2018 financial year, with an underlying increase of 2%. Our offices in Switzerland and Dubai are relatively recent additions to our global footprint and each of these businesses has continued to develop their presence in their market during the 2019 financial year. The average revenue per client of £6,406 is significantly higher than the Group average, reflecting the quality of the client base in these countries.

Revenue in Australia was £68.9 million, in line with the 2018 financial year as reported and 10% lower on an underlying basis. Australia is a well-established market for IG and our underlying performance reflects the less favourable market conditions in the 2019 financial year compared with the 2018 financial year.

Revenue in Singapore was £41.0 million in the 2019 financial year, 2% higher than in the 2018 financial year, driven by a 4% increase in revenue per client.

Significant opportunities

	Revenue (£m)			Active clients			Revenue per client (£)		
	FY19	FY18	YOY%	**FY19**	FY18	YOY%	**FY19**	FY18	YOY%
Japan	19.4	15.0	29%	8,121	7,042	15%	2,386	2,129	12%
Emerging markets	17.6	12.9	36%	5,128	3,599	42%	3,432	3,592	(4%)
USA	0.2			822					

Revenue in Japan was £19.4 million, 29% higher than in the 2018 financial year. During the 2019 financial year we launched our new knock-outs product which has been well-received by the local market, and we have seen a 12% increase in average revenue per client, and an 84% increase in the number of first trades in Japan compared with the prior year, driving a 15% increase in the number of active clients.

Our 'emerging markets' segment includes revenue from clients resident in jurisdictions, predominantly in Asia, where we do not have a physical presence. These clients have identified IG through their own search and not in response to advertising and marketing, which is not undertaken in jurisdictions where the Group does not have the regulatory permissions to do so. The increase in revenue from these markets reflects the increase in the number of active clients.

Our retail foreign exchange dealer (RFED) in the USA launched in January 2019. The rate of client acquisition has been encouraging although the number and size of trades has, in this initial period of operation, been lower than we had anticipated.

In the 2019 financial year the Group managed its institutional client segment (family offices and small hedge funds) within the 'core markets'. The Group served 173 institutional clients during the year (FY18: 148) generating revenue of £5.5 million (FY18: £5.1 million). The average revenue per client in the Institutional segment was £32,005 in the 2019 financial year (FY18: £34,371).

OTC LEVERAGED REVENUE BY ASSET CLASS

	FY19 £m	FY18 £m	Change %
Indices	213.8	224.2	(5%)
Equities	85.7	95.4	(10%)
Foreign exchange	87.4	94.3	(13%)
Commodities	41.8	55.0	(24%)
Options	20.3	43.1	(53%)
Cryptocurrencies	10.2	36.4	(72%)
OTC Leveraged	454.2	548.4	(17%)

Changes in revenue by asset class are driven by the overall level of revenue, and the level of volatility in each asset class which impacts the extent to which clients identify trading opportunities.

Revenue from clients trading equity indices and single-name equities accounted for 66% of the Group's OTC leveraged revenue in the 2019 financial year, compared with 58% in the 2018 financial year. The revenue from these asset classes, which are particularly popular amongst our highest-value clients, was 5% and 10% lower respectively than in the 2018 financial year. The revenue from clients trading foreign exchange was 13% lower than in the prior year, and represents 18% of the Group's OTC leveraged revenue in the year. The level of client trading in cryptocurrencies has reduced significantly, with revenue down by 72%.

OPERATING AND FINANCIAL REVIEW CONTINUED

STOCK TRADING AND INVESTMENTS, BY COUNTRY

	Revenue (£m)			Active clients ('000s)			Revenue per client (£)		
	FY19	FY18	YOY%	**FY19**	FY18	YOY%	**FY19**	FY18	YOY%
UK	4.7	3.2	47%	27.1	25.5	6%	172	125	38%
EU	0.1	0.1	–	1.0	0.8	25%	146	118	24%
Australia	1.1	0.7	57%	9.8	9.2	7%	110	80	38%
Stock *trading and* investments	5.9	4.0	48%	37.9	35.5	6%	155	113	37%

OPERATING EXPENSES

Operating expenses by cost type

	FY19 £m	FY18 £m	Change %
Fixed remuneration	106.3	96.0	11%
Advertising and marketing	51.7	58.7	(12%)
Regulatory fees	3.6	7.1	(48%)
Irrecoverable VAT and other sales taxes	12.2	13.1	(7%)
Depreciation and amortisation	17.3	17.6	(2%)
Other	68.5	61.7	11%
Operating expenses	259.6	254.2	2%
Headcount at end of period	1,788	1,677	7%

Operating expenses in the 2019 financial year were £259.6 million, 2% higher than in the 2018 financial year.

Fixed remuneration costs increased by 11% to £106.3 million reflecting the 7% increase in headcount, and the salary increases which were made at the start of the financial year. The increase in headcount reflects the investment in client service and client operations staff to maintain our market leadership in client service, and in technology development staff as we have expanded the scale of our development activities.

External advertising and marketing expenditure was 12% lower, at £51.7 million, due to lower spend as marketing plans were adjusted for the post-ESMA marketing landscape.

Regulatory fees, which includes the Group's contribution to the Financial Services Compensation Scheme (FSCS) in the UK, were £3.6m, 49% lower than the charge recognised in the 2018 financial year, reflecting downward adjustments to our estimates of the contribution required for historic periods. The expected annual charge for regulatory fees, based on the most recent FSCS levy charge, is £4.5m.

The reduction in the charge for irrecoverable VAT and other sales taxes primarily reflects the lower external advertising and marketing spend.

Other costs (including premises, computer and software maintenance, telephone and data lines, market data, and legal and professional fees) were £68.5m, £6.6m higher than in the 2018 financial year, largely due to increased legal and professional fees supporting the investment in new initiatives and the development of the Group's strategy.

Operating expenses by activity category

	FY19 £m	FY18 £m	Change %
Prospect acquisition	72.5	78.7	(8%)
Sales and client management	22.2	21.0	6%
Technology	52.9	46.0	15%
Operations	40.5	39.2	3%
Business administration	59.8	55.6	8%
Cash operating expenses	**247.9**	**240.5**	**3%**
Capitalised salary costs	(5.6)	(3.9)	44%
Depreciation and amortisation	17.3	17.6	(2%)
Total operating expenses	**259.6**	**254.2**	**2%**

The analysis of operating expenses by activity category reflects our changed operational design and organisation structure. The key areas of activity in the business are prospect acquisition, sales and client management, technology, operations and business administration. The analysis of operating expenses by activity category provides additional information on the drivers of operating expenses.

Prospect acquisition expenditure is targeted at attracting suitable prospects for conversion into new clients, and has reduced by 8% on the prior year, reflecting the reduction in external advertising and marketing spend.

Sales and client management includes the cost of converting prospects into active trading clients and retaining our existing valuable client base. Staff costs are the largest component of this category. Costs increased by 6% on the prior year, reflecting increased headcount.

Technology expenditure includes the resources and external costs incurred to provide and develop our platforms and products. This expenditure increased by 15% to £52.9 million due to increased headcount costs to deliver and support the growing development project portfolio.

The Group's operations activities encompass the teams involved in managing our client onboarding, client service, client credit management, dealing activities, our market data costs, and the costs of running our offices. Operations costs were £40.5 million, increasing 3% on the prior year, due to higher premises costs and salary inflation.

Business administration includes our finance, risk and compliance, human resources, and legal and governance functions, and the legal, professional and regulatory fees we incur in administering and managing the Group. Business administration costs increased 8% to £59.8 million due to headcount growth and increased legal and professional fees to supporting our investment in new initiatives and strategic planning, partially offset by lower regulatory fees due to the lower charge for the FSCS levy.

VARIABLE REMUNERATION

	FY19 £m	FY18 £m	Change %
Share-based compensation	6.6	8.8	(25%)
Sales bonuses	5.4	4.5	20%
General bonuses	12.7	22.6	(44%)
Variable remuneration	24.7	35.9	(31%)

Share-based compensation costs relate to the long-term incentive plans for senior management. The costs reflect the size of the awards and the extent to which they are expected to vest, which is driven predominantly by earnings per share (EPS) and relative total shareholder return (TSR) performance.

Sales bonuses increased by 20% reflecting higher commission payments to sales staff for the onboarding and management of their own sourced high value clients.

The general bonus pool decreased by 44% reflecting the Group's annual performance against its internal financial and non-financial targets.

OPERATING AND FINANCIAL REVIEW CONTINUED

NET FINANCE (COSTS)/INCOME

The Group earns interest income on its cash balances and on its holdings of gilts for its liquid assets buffer and as collateral at hedging brokers. The interest income of £4.2 million in the 2019 financial year was £2.7 million higher than in the prior year (FY18: £1.5 million) reflecting the larger average balances held during the year and higher interest rates.

The Group pays fees and interest relating to debt facilities. On 21 June 2018 the Group entered into a new Facilities Agreement which provides a £200 million credit facility comprising a £100 million sterling term loan, which is fully drawn, and a £100 million committed revolving credit facility (RCF), which is undrawn. The cost of these facilities totalled £3.2 million for the year, £1.8m higher than last year (FY18: £1.4 million).

The Group also earns and pays interest on its cash balances with its hedging brokers. The Group earned £0.7 million net interest income on its balances with hedging brokers during the year (FY18: £nil).

TAXATION

The effective tax rate (ETR) for the year is 18.5%, 0.9% lower than the 19.4% ETR for the 2018 financial year.

The majority of the Group's taxable profit arises in the UK. The reduction in the ETR reflects the benefit of the UK 'patent box' incentive that the Group benefits from as a result of UK and European patents held by the Group relating to the technology and processes supporting the platform, and the recognition of an increase in the deferred tax asset in respect of previously unrecognised tax losses in the USA.

The Group's ETR is dependent on a mix of factors including taxable profit by geography, the tax rates levied in those geographies and the availability and use of taxable losses. The Group's future ETR may also be impacted by changes in the Group's business activities, client composition and regulatory status, as these changes could impact the Group's ability to benefit from an exemption from the UK Bank Corporation Tax Surcharge. The Group's current estimate of the ETR for the 2020 financial year is 18.5%.

DIVIDEND

The Board is recommending a final dividend of 30.24 pence per share, giving a full-year dividend for the 2019 financial year of 43.2 pence per share (FY18: 43.2 pence per share).

If approved at the Company's AGM, the final dividend will be paid on 24 October 2019 to those members on the register at the close of business on 27 September 2019.

OWN FUNDS FLOW

	FY19 £m	FY18 £m
Operating profit	192.9	281.1
Depreciation and amortisation	17.3	17.6
Share-based compensation	7.2	7.0
Change in working capital	(19.3)	15.2
Own funds generated from operations	**198.1**	**320.9**
as % of operating profit	103%	114%
Taxes paid	(38.4)	(48.9)
Net own funds generated from operations	159.7	272.0

The Group uses own funds generated from operations, net own funds generated from operations, and net own funds generated after investments as its key measures of cash generation.

Cash generation remains strong, with own funds generated from operations of £198.1 million (FY18: £320.9 million), compared with operating profit of £192.9 million (FY18: £281.1 million), with a cash conversion rate, calculated as own funds generated from operations divided by operating profit, of 103% (FY18: 114%). The working capital outflow in the 2019 financial year reflects the lower level of bonus accrual at the end of the 2019 financial year compared with the end of the 2018 financial year.

Tax payments of £38.4 million reflect the payment of the £22.7 million balance of the UK corporation tax liability for the 2018 financial year which was outstanding at the start of the financial year, a refund of £7.7 million in relation to earlier periods, the payment of £19.0 million representing around half of the estimated UK corporation tax liability for the 2019 financial year, and the payment of £4.4 million of overseas tax.

Movement in own funds

	FY19 £m	FY18 £m
Net own funds generated from operations	159.7	272.0
Net financing (cost)/income	0.5	(0.6)
Purchase of DailyFX	–	(3.0)
Capital expenditure	(14.3)	(11.0)
Purchase of own shares	(2.0)	(4.3)
Net own funds generated after investments	**143.9**	**253.1**
Dividends	(171.1)	(119.6)
Term loan	100.0	–
Increase in own funds	**72.8**	**133.5**
Own funds at start of the year	746.1	614.3
Impact of movement in exchange rates	1.9	(1.7)
Own funds at the end of period	**820.8**	**746.1**

Capital expenditure in the 2019 financial year of £14.3 million relates to internally developed software (including the MTF platform and development work undertaken in respect of the US RFED), and the purchase of third-party software and IT equipment.

Dividend payments during the year reflect the final dividend for the 2018 financial year of £123.3 million and the interim dividend for the 2019 financial year of £47.8 million.

In June 2018 the Group received the funds under the £100 million term loan included in the Facilities Agreement.

SUMMARY GROUP BALANCE SHEET

	31 May 2019 £m	31 May 2018 £m
Goodwill	108.1	108.0
Intangible assets	43.4	43.4
Property, plant and equipment	14.4	15.5
Fixed assets	**165.9**	**166.9**
Liquid asset buffer	84.4	[illegible]
Amounts at brokers	419.3	450.0
Cash in IG bank accounts	373.3	299.7
Own funds in client money	51.1	[illegible]
Liquid assets	**928.1**	**872.3**
Client deposits IG Bank SA	(31.6)	[illegible]
Title transfer funds	(75.7)	[illegible]
Own funds	**820.8**	**746.1**
Working capital	(43.1)	[illegible]
Tax payable	(10.4)	[illegible]
Deferred tax assets	8.6	[illegible]
Capital employed	**941.8**	**842.1**
Shareholders' funds	841.8	[illegible]
Long-term bank borrowings	100.0	-
Capital employed	**941.8**	**842.1**

The Group's Capital employed at 31 May 2019 of £941.8 million (31 May 2018: £842.1 million) is provided by £841.8 million of shareholders' funds, and the Group's £100.0 million term loan.

OPERATING AND FINANCIAL REVIEW CONTINUED

AVAILABLE LIQUIDITY

	31 May 2019 £m	31 May 2018 £m
Liquid assets	928.1	872.3
Broker margin requirement	(314.0)	(386.8)
Non-UK cash balances	(187.5)	(154.1)
Own funds in client money	(51.1)	(49.5)
Available liquidity at end of period	**375.5**	**281.9**
of which:		
Held as liquid asset buffer	84.4	83.1
Final dividend due	111.3	123.1

The Group's liquidity is provided by shareholders' funds supplemented by the £100 million bank term loan, client deposits at IG Bank in Switzerland, and client funds which have been transferred to the Group under title transfer arrangements. The Group has access to additional liquidity through a £100 million committed revolving credit facility.

The Group's total liquid assets at the end of year were £928.1 million (31 May 2018: £872.3 million).

The Group requires liquidity to fund its day-to-day operations, primarily to fund the margin that its hedging brokers require to support the Group's hedging positions, the capital and liquidity that its subsidiaries are required to maintain, and to fund the requirement to maintain adequate buffers in client money accounts.

The average broker margin requirement in the 2019 financial year was £332 million, £40 million lower than the average requirement in the 2018 financial year, with a new peak broker margin requirement during the 2019 financial year of £456 million in July 2018. At 31 May 2019, the actual broker margin requirement was £314 million.

The Group treats the cash that is held by subsidiaries outside the UK as not being immediately available. The amount of cash held in entities outside the UK was £187.5 million at the end of the year, reflecting the investments made to meet the capital and liquidity requirements of legal entities outside the UK including the newly established IG Europe and IG US entities.

In accordance with the regulations relating to client money and assets in the various jurisdictions in which it operates, the Group holds some of its own funds in client money bank accounts as prudent segregation balances.

GROUP CONSOLIDATED CAPITAL RESOURCES AND REQUIREMENTS

	31 May 2019 £m	31 May 2018 £m
Shareholders' funds	841.8	842.1
Less foreseeable declared dividends	(111.3)	(123.1)
Less acquisition intangibles	(108.1)	(108.0)
Less intangible assets	(43.4)	(43.4)
Less deferred tax assets	(9.0)	(9.1)
Less value adjustment for prudent valuation	(1.1)	–
Capital resources	568.9	558.5
Pillar 1 risk exposure amounts (REA)		
Total Pillar 1 REA	1,875.9	2,037.7
Capital ratio	30.3%	27.4%
Required capital ratio		
Pillar 1 minimum	8.0%	8.0%
Individual capital guidance (ICG)	9.4%	9.4%
ICG requirement	17.4%	17.4%
plus combined buffer requirement	3.1%	2.2%
Total requirement %	20.5%	19.6%
Total requirement – £m	385.0	399.4
Capital headroom – £m	183.8	159.1

The Group's total capital ratio using the balance sheet of the Group as at 31 May 2019 including the profit for the financial year, was 30.3% (31 May 2018: 27.4%).

The Group is required to hold a minimum amount of regulatory capital in accordance with the individual capital guidance (ICG) periodically determined by the Financial Conduct Authority (FCA) based on their supervisory review and evaluation process (SREP) of the Group, plus an amount equal to the higher of the internally calculated capital planning buffer and the combination of the conservation and countercyclical buffers. The FCA determine the ICG following review of the Group's Internal Capital Adequacy Assessment Process through which the Group calculates the amount of capital that should be held against specific firm risks, in addition to the Pillar 1 requirements.

The FCA last undertook a SREP of IG Group in the first half of calendar year 2016, and advised the Board of the level of capital the Group is required to hold in August 2016. The ICG advised in August 2016 replaced the ICG advised to the Board in May 2013. The FCA plan to carry out their next SREP towards the end of 2019.

The ICG advised by the FCA in August 2016 requires the Group to hold capital in addition to the Pillar 1 minimum equal to 9.4% of the Pillar 1 risk exposure amounts.

The required minimum capital ratio at 31 May 2019 was 20.5%, including the effect of the combined buffers, being the capital conservation buffer, which the Bank of England raised on 1 January 2019 to 2.5% in line with the transitional provisions laid out by the FCA in IFPRU TP 7, and the countercyclical buffer.

In June 2019, the EU published into law the banking reform package made up of four separate instruments, 'CRDV', 'CRR2', 'BRRD2' and 'SRMR2'. These rules implement in EU law the latest tranche of the Basel Committee on Banking Supervisions' international regulatory framework for banks – known as 'Basel III'. In parallel, the EU is preparing to publish into law in the Autumn its prudential and remuneration regime for investment firms – through a new directive and regulation known as 'IFD' & 'IFR'. This framework will alter the licensing basis, capital and remuneration requirements and governance and transparency provisions for a wide range of non-bank financial institutions. These rules are expected to be implemented in the UK post-Brexit.

The Company's expectation, at this stage, is that the Group and its subsidiaries will fall into scope of the IFD/IFR regime, ending the firm's requirement to comply with the existing and incoming CRD/CRR rules in favour of the new regime.

IG has reviewed the draft IFD/IFR regime framework and planning has begun to implement the new requirements. Internal initial modelling indicates that the IFD/IFR regime will not have a material impact on the Group's capital requirements, its principal governance arrangements or its relationship with its regulators.

Segregated client funds

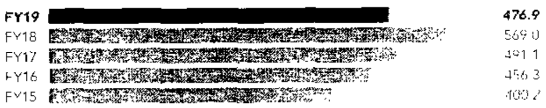
At 31 May 2019 the Group held £1,349.2 million (31 May 2018: £1,386.9 million) of client money in segregated bank accounts, and £1,096.8 million (31 May 2018: £945.0 million) of client assets in third party custodian accounts. These amounts are segregated client money and assets, and are therefore excluded from the balance sheet.

KEY PERFORMANCE INDICATORS (KPIs)

The Group uses seven key financial and seven key operational performance metrics to measure IG's performance and progress against the short-term and long-term goals of the business. These measures seek to illustrate the financial health of the Group, and IG's ability to continue to maximise and sustain shareholder returns both via revenue and profit generation. The depth and quality of IG's client base is central to its business model, and this importance is reflected in the number of client-focused KPIs.

FINANCIAL KPIs

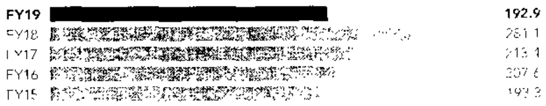
NET TRADING REVENUE (£m)



BASIS OF CALCULATION

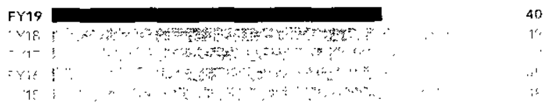
Net trading revenue represents trading revenue after deducting introducing partner commissions. Trading revenue includes revenue arising from each of the Group's four revenue-generation models: over-the-counter (OTC) leveraged derivatives, exchange traded derivatives (ETDs), stock trading and investments.

OPERATING PROFIT (£m)



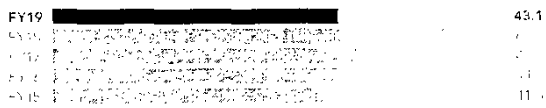
Operating profit represents the profit generated by the Group from ongoing business operations before any deductions for tax and before finance income or cost.

OPERATING PROFIT MARGIN



Operating profit margin measures the operating profit generated by the Group as a percentage of net trading revenue.

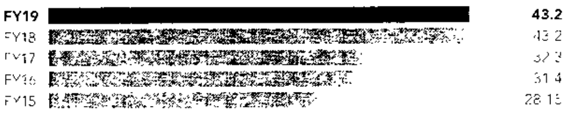
BASIC EARNINGS PER SHARE



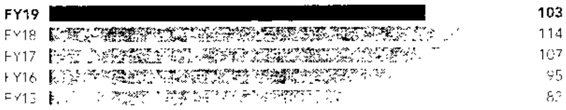
Basic earnings per share measures the amount of profit after tax, divided by the number of outstanding shares in issue.

FINANCIAL KPIs

TOTAL DIVIDEND PER SHARE



OWN FUNDS GENERATED FROM OPERATIONS AS % OF OPERATING PROFIT[2]



NET OWN FUNDS GENERATED FROM OPERATIONS AFTER INVESTMENTS[2]

(1) Numbers for the 2015 financial year are shown on an underlying basis
(2) Our alternative performance measures (APMs) and KPIs are aligned to our strategy and are used to measure the performance of our business in financial and operational terms

BASIS OF CALCULATION

Dividend per share is the total value of the full-year dividend.

This metric measures the level of funds (cash) the Group generated from its ongoing operations in the period, as a proportion of the Group's operating profit.

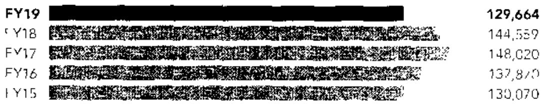
This metric measures the level of net own funds (cash) generated by the Group from its operations after deductions for investment activity.

KEY PERFORMANCE INDICATORS (KPIs) CONTINUED

OPERATIONAL KPIs

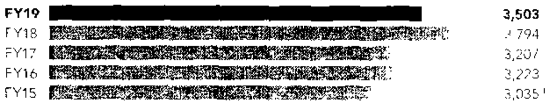
BASIS OF CALCULATION

TOTAL NUMBER OF ACTIVE OTC LEVERAGED CLIENTS



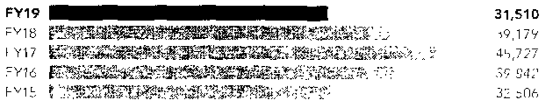
The total number of clients who have *generated revenue in the relevant financial* year by trading our leveraged OTC products.

REVENUE PER ACTIVE OTC LEVERAGED CLIENT (£)



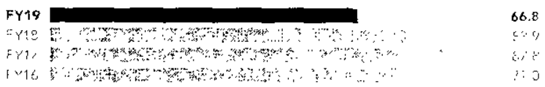
The average revenue generated by each of our active OTC leveraged clients, including new OTC leveraged clients.

NUMBER OF OTC LEVERAGED FIRST TRADES



The total number of OTC leveraged clients who have placed a first trade in the relevant financial year.

REVENUE FROM NEW OTC LEVERAGED CLIENTS

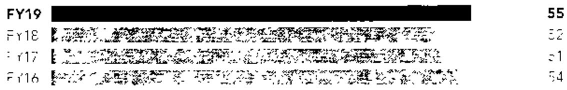


The amount of revenue generated by new OTC leveraged clients in the relevant financial year. A new client is defined as a client who *placed their first trade in the period.*

OPERATIONAL KPIs

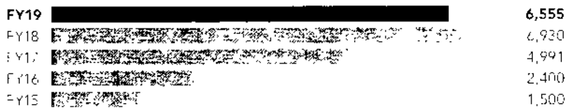
BASIS OF CALCULATION

% OF OTC LEVERAGED REVENUE GENERATED BY CLIENTS THAT HAVE TRADED WITH IG FOR AT LEAST 3 YEARS (1)



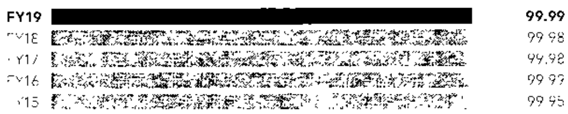
The proportion of OTC leveraged revenue generated by clients that have traded with the company for three or more years. This is used as an indicator of the value of longer-term client relationships.

NUMBER OF MULTI-PRODUCT CLIENTS



The number of IG clients who have both an OTC leveraged account and a non-leveraged account, for example a stock trading account.

PLATFORM UPTIME (1)



The percentage of time that IG's platforms have been available to its clients for trading.

(1) Numbers for the 2015 financial year are shown on an underlying basis

RISK MANAGEMENT

Effective risk management is essential to the achievement of the Group's strategy and business objectives, and to preserve its financial strength and resilience. The Board is responsible for ensuring that the Group maintains an appropriate risk management culture, supported by a robust Risk Management Framework.

RISK MANAGEMENT FRAMEWORK

IG has an established Risk Management Framework to identify, measure, manage and monitor the risks faced by the business, and to manage the risk that the Group's conduct may pose to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets. This framework provides the Board with assurance that IG's risks, including the risks relating to the achievement of Group's strategic objectives, are understood and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Group's ongoing assessment, control, monitoring and reporting of risk management.

The framework is established around the following elements:

- *Risk Culture and Principles*
- Risk Taxonomy
- Risk Appetite Statement
- Risk Management Governance
- Risk Assessment, Control, Monitoring and Reporting

RISK CULTURE AND PRINCIPLES

The Board recognises that embedding a sound risk culture is fundamental to the effective operation of the Group's risk management framework, and sets the tone for broader conduct in all business activities and for promoting a common set of IG values and expected behaviours.

The Group's culture is defined by the shared values, attitudes, competencies and behaviours present throughout the business. A poor culture will inevitably lead to an increase in certain areas of risk.

The Group seeks to achieve the implementation of its desired risk management culture through principles, policies and consistent practices.

The IG Risk Management Framework is driven by a set of core principles that set the context for risk management activities across the Group:

- **Strategic**
  Risk management should be clearly focused on enhancing shareholder value and supporting the achievement of the Group's strategic objectives.
- **Stakeholder expectations**
  The approach to risk management should address the requirements and expectations of the Group's key stakeholders (including clients, employees and regulators).
- **Consistent and embedded**
  Risk management should be fully embedded into all departments and business processes of the Group and managed as an integral part of day-to-day management. A consistent approach should be taken, and consistent practices followed by employees globally.
- **Independent oversight**
  Risk and control oversight functions should be independent of business functions and supported by adequate resources
- **Appropriate level**
  Risk management activities should be appropriate for the level and complexity of the Group's business activities and associated risks.
- **Continual assessment**
  Risk management should be subject to continual review and enhancement to ensure that the Group's Risk Management Framework remains effective and aligned to shareholder and stakeholder expectations.

RISK TAXONOMY

IG has developed a Risk Taxonomy to ensure that the Group considers the full spectrum of risks faced by the business, and to create a consensus for classification of all risk management activities. The taxonomy categorises the principal risks faced by the Group into five areas: the risks inherent in the regulatory environment, the risks inherent in the commercial environment, business model risk, operational risk and conduct risk. Each of these risk areas is considered from page 58.

RISK APPETITE STATEMENT

The purpose of the IG Risk Appetite Statement (RAS) is to detail the acceptable levels of risk to which the Group is willing to be exposed, so as to allow for a profitable business while operating within the Group's risk appetite.

The RAS is based around a set of statements for each risk within the Taxonomy. Qualitative statements of risk appetite for each risk are supported by Key Risk Indicators (KRIs) that are used to identify instances which require investigation and escalation. Thresholds and limits are set which raise awareness of increased risk and provide early warning indicators (Amber level) so management actions can be undertaken prior to a breach of the assigned risk appetite (Red level). KRIs are embedded in IG's risk monitoring and reporting.

KRIs are broken down into two distinct categories: 'Board Approved Limits' and 'Monitoring KRIs':

- **Board-Approved Limits (BAL)**
  In the event of a Red breach, action must be taken, without discretion, which ensures we come back inside the BAL (Red level). It is the responsibility of the risk owner to manage and explain what actions have been taken once an Amber threshold (if present) has been breached. All efforts must be made to avoid a Red breach. An explanation must be provided to the Board as to why the matter escalated such that the Group breached a BAL.

- **Monitoring KRIs**
  A breach of a defined KRI triggers escalation to management, which should result in consideration being given as to what appropriate responsive actions, if any, are taken. Red levels, along with actions taken (if any), are reported to the Group Board on a monthly basis.

RISK MANAGEMENT GOVERNANCE

The Group's Risk Management Governance Structure is summarised below

The Board

The Board has overall responsibility for the management of risk within the Group. This includes determining the Group's risk appetite, which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives, and defining the standards and expectations that drive the Group's risk culture. It also involves ensuring that the Group maintains an appropriate and effective Risk Management Framework, and monitoring performance and risk indicators to ensure that the Group remains within its risk appetite. The Board delegates certain risk governance responsibilities to Board Committees.

Board Risk Committee

The Board Risk Committee provides the principal forum for the ongoing review and evaluation of specific elements of the Risk Management Framework, and for making recommendations to the Board when appropriate. *Biannually the risk function provide to this Committee an* assessment of key and emerging risks which may impact the Group. The Committee then makes recommendations to the Board where appropriate. Details of the Committee can be found in the Board Risk Committee section set out on pages 120-122.

Audit Committee

The Audit Committee's responsibilities include reviewing an assessment of the control environment through Internal Audit reports and monitoring progress on the implementation of audit recommendations. The Audit Committee also has specific responsibilities to assess the accuracy and appropriateness of financial reporting and narrative disclosures, to review the Group's tax risk management framework, and to receive reports on legal entity governance and the control environment for client money and assets, and to monitor whistleblowing arrangements.

Remuneration Committee

The Remuneration Committee's primary responsibility in relation to risk management is to ensure that remuneration policies are consistent with effective risk management across the Group, and to consider the implications of those elements of the policies on risk and risk management. The Committee reviews the design and operation of performance-related pay schemes to ensure their efficacy and, with the assistance of the Board Risk Committee, to ensure that the risks implicit within the schemes are adequately monitored and controlled.

Disclosure Committee

The Disclosure Committee is responsible for identification of inside information, and makes recommendations to the Board about how and when the company should disclose this information

Risk management within the business

The Group has a number of operational and executive committees which provide advice and support to management in the day-to-day execution and proper performance of their duties, including those relating to implementation of the Board strategy and management of the Risk Management Framework. Details of this can be found in the Overview of Corporate Governance Framework set out on page 76.

IG operates a 'three lines of defence' Risk Governance Model.

First line of defence

The first line of defence has primary responsibility for risk management, including the day-to-day responsibility for ensuring that the business operates within risk appetite. Management is responsible for the identification, assessment and management of risks facing the business, in compliance with the Group's risk management policies

Second line of defence

The second line of defence, with an objective of independent risk oversight, is provided by the risk and compliance teams. The risk and compliance teams are housed within a single control 'pillar', led by the Chief Risk Officer.

These teams are independent from operational management in the first line and are responsible for overseeing and challenging the business in managing its risks day-to-day. This includes maintaining the Group's risk management and control policies, providing independent analysis, control of the Group's risks and keeping abreast of industry and regulatory developments that might require enhancements to the Group's Risk Management Framework.

Third line of defence

The third line of defence, independent assurance, is provided by Internal Audit. The primary role of Internal Audit is to help the Board and executive management to protect the assets, reputation and sustainability of the organisation by providing independent, objective assurance reviews designed to add value and improve our operations. The scope of the annual audit plan includes reviews of the Group's Risk Management Framework and the management of the Group's principal risks. These will include assessments of the design and operating effectiveness of the internal governance structures and processes, the setting of and adherence to risk appetite and the risk and control culture of the organisation.

RISK MANAGEMENT CONTINUED

RISK ASSESSMENT, MONITORING, CONTROL AND REPORTING

Risk assessment, control and monitoring are the responsibility of operational management in each area. Risk and control assessments are undertaken with support from the second and third lines of defence, with key controls identified and documented.

The Risk Taxonomy is used to identify all risks faced by IG. The Risk Appetite Statement identifies KRIs, and maximum limits and thresholds, to manage and monitor each risk. These KRIs are the basis of reporting and are conveyed to the Board on a monthly basis, or escalated immediately depending on significance, with more granular metrics reported to relevant operational committees where appropriate. Relevant stakeholders and risk owners manage their respective risks, taking appropriate actions to avoid breaches.

Risk reporting takes place across numerous reports, covering key market, credit, liquidity, capital adequacy, operational and conduct risk KRIs. Frequency of reporting can range from live to hourly, monthly, quarterly or annually, depending on the requirements. Dashboards, emails and written reports, along with automated alerts, are utilised to notify relevant stakeholders of the risk profile status.

IG has adopted a common risk taxonomy that breaks the principal risks faced by the Group into five broad risk categories: the risks inherent in the regulatory environment, the risks inherent in the commercial environment, business model risks, operational risk and conduct risk

Regulatory environment risk

Regulatory change

IG operates in a highly regulated environment which is continually evolving.

The Group faces the risk of regulators introducing new regulations or requirements, in any of the jurisdictions in which the Group currently operates, which result in an adverse effect on the Group's business or operations, through reduction in revenue, increases in costs or increases in capital and liquidity requirements. The Group operates to the highest regulatory standards and leads the industry in the way in which it deals with its clients. The Group maintains relationships with its key regulators and actively seeks to converse with them in an effort to keep abreast of impending regulatory developments.

Tax risk change

Within regulatory environment risk, the Group also includes the risk of significant adverse changes in the manner in which the Group itself, or the Group's businesses, are taxed. Examples of the tax risk faced by the business include the risk of the imposition of a financial transactions tax, which could severely impact the economics of trading, and the risk that the basis under which the Group is taxed, in any of the jurisdictions in which it operates, is adversely affected

PRINCIPAL RISKS

PRINCIPAL RISKS/TAXONOMY LEVEL 1	TAXONOMY LEVEL 2
REGULATORY ENVIRONMENT RISK The risk that the regulatory environment in any of the jurisdictions in which the Group currently operates, or may wish to operate, changes in a way that has an adverse effect on the Group's business or operations, through reduction in revenue, increases in costs, or increases in capital and liquidity requirements.	Regulatory change Tax risk change
COMMERCIAL RISK The risk that the Group's performance is affected by client sensitivity of adverse market conditions, failure to adopt or implement an effective business strategy, new or existing competitors offering more attractive products or services, or as a result of a third-party supplier on which the Group depends deciding to cease providing services to the business	Strategic management risk Market conditions risk Competitor risk Supplier restriction risk
BUSINESS MODEL RISK The risk faced by the Group arising from the nature of its business and its business model	Market risk Credit risk Liquidity risk Capital adequacy risk
OPERATIONAL RISK The risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Includes the risk that the Group is unable to attract and retain the staff it requires to operate its business successfully.	Technology risk People risk Process risk External risk
CONDUCT RISK The risk that the Group's conduct poses to the achievement of fair outcomes for consumers or to the sound, stable, resilient and transparent operation of the financial markets	Client outcomes Markets and financial crime Culture and our people

Commercial risk

The Group defines commercial risk as the risk that the Group's performance is affected by client sensitivity to adverse market conditions, failure to adopt or implement an effective business strategy, by new or existing competitors offering more attractive products or services, or as a result of a third-party supplier on which the Group depends deciding to cease providing services to the business.

Strategic management risk

The Group seeks to mitigate its strategic management risk through the Board's regular and thorough review and challenge of the Group's strategy and the performance of current strategic initiatives. The Board holds an annual Strategy Day to consider and agree the strategic priorities for the business. Planning processes are extensive, with stakeholders across the business being involved, and may include external assistance. External consultation and extensive market research are undertaken in advance of committing to any strategy, in order to test and validate a concept. Projects are managed via a phased investment process, with regular review periods, in order to assess performance and determine if further investment is justified. The Board also considers specific strategic actions and initiatives during its normal schedule of Board meetings.

Market conditions risk

The Group's trading revenue reflects the transaction fees paid by clients less the transaction costs incurred in hedging market exposures. The extent of client trading activity and the number of active clients in any period are the key determinants of revenue in that period. The ability to attract new clients, and the willingness of clients to trade, depends on the level of trading opportunity that clients perceive to be available to them in the markets. The Group's revenue is therefore partly dependent upon market conditions.

The Group seeks to mitigate the impact of adverse market conditions and client sensitivity towards those conditions through detailed review of daily revenue analysis, monthly financial information, Key Performance Indicators (KPIs) and regular reforecasts of its expected financial performance, reflecting the latest and expected market conditions. The Group uses these forecasts to determine actions necessary to manage performance, with consideration given to changes in market conditions.

The Group regularly updates its investors and market analysts on its revenue performance, including quarterly updates and pre-close statements, and engages with investors and market analysts to manage the risk that the impact of market conditions is not reflected in performance expectations.

Competitor risk

The Group operates in a highly competitive environment, which includes some unregulated and illegal operators. The Group seeks to mitigate competitor risk by maintaining a clear distinction in the market in terms of product, service and ethics, and by closely monitoring the activity and performance of its competitors, including detailed comparison of the terms of product offers.

IG regards itself as the leader in its market and, given its strong ethical values, the Group does not deploy questionable practices, regardless of whether they would prove to be commercially attractive to clients. The Group does, however, seek to ensure that its product offering remains attractive, taking into account the other benefits that the Group offers its clients, including brand, strength of technology and client service quality. This allows the business to provide a competitive offering overall and manage competitor risk without compromising the Group's values.

Supplier dependency risk

The Group is also dependent on services from third parties. These range from the banking industry to key technology firms, and cover matters such as the provision of corporate and client money bank accounts, client payment services, hedging and custodial services, to advertising and marketing channels.

The Group performs regular reviews and seeks to ensure that it has suitable engagement terms with each provider, so as to identify any issues which may arise and gain an understanding of any new upcoming requirements.

Business model risk

IG defines business model risk as the risks faced by the Group arising from the nature of its business and its business model, including market risk, credit risk, liquidity risk and capital adequacy risk.

Market risk

IG takes market risk for the purpose of facilitating instant execution of client trades. The business manages this market risk by internalising client flow (netting the exposure created through clients' trades so as to offset) and hedging when the residual exposures reach defined limits. The Group's real-time market position monitoring system allows it to constantly manage its market exposures against its market risk limits. If exposures exceed pre-determined limits, hedging is undertaken to bring the exposure back within the limits.

IG has a market risk policy which sets out how the business manages its market risk exposures. The market risk policy incorporates a methodology for setting market risk limits, consistent with the Group's risk appetite, for each financial market in which the Group's clients can trade, as well as currency groups of markets or assets which the business considers to be correlated. These limits are determined with reference to the expected liquidity and volatility of the underlying financial product or asset class, and represent the maximum (long or short) net exposure the Group will hold without hedging.

The Group sets its market risk limits with the objective of achieving the optimal efficiency between allowing client trades to be internalised, the cost of hedging and the variability of daily revenue. The Group seeks to manage its market risk so that its trading revenue predominantly reflects client transaction fees net of hedging costs, and is not driven by market risk gains or losses.

RISK MANAGEMENT CONTINUED

The residual market risk the Group faces can crystallise if a market 'gaps', which occurs when a price changes suddenly in a single large movement, often at the opening of a trading day, rather than in small incremental steps. This can result in the Group being unable to adjust its hedging in a timely manner, which can result in a potential loss.

The Group monitors its market risk exposures through regular scenario-based stress tests to analyse the impact of potential stress and market gap events, and takes appropriate action to reduce its risk exposures and those of its clients.

Credit risk

IG faces the risk that either a client or a financial counterparty fails to meet their obligations to IG, resulting in a financial loss.

As a result of offering leveraged trading products, IG accepts that client credit losses can arise as a cost of its business model. Client credit risk principally arises when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred. In addition, a small number of clients are granted credit limits to cover running losses on open trades and margin requirements.

Client credit risk is managed through the application of the Group's Client Credit Risk Policy.

The business sets client margin requirements that reflect the market price risk for each instrument, and uses tiered margining so that larger positions are subject to proportionately higher margin requirements. The business offers training and education to clients covering all aspects of trading and risk management, which encourages them to collateralise their accounts at an appropriate level in excess of the minimum requirement. In addition to cash, the Group also accepts collateral in the form of shares from professional clients held in their IG stock trading account.

The business further mitigates client credit risk through the real time monitoring of client positions via the close-out monitor (COM), and by giving clients the ability to set a level at which an individual deal will be closed (the 'stop' level or 'guaranteed stop' level).

The COM automatically identifies accounts that have breached their liquidation thresholds and triggers an automated liquidation process of positions on those accounts. Where client losses are such that their total equity falls below the specified liquidation level, positions will be liquidated to bring the account back on-side, resulting in reduced credit risk exposure for the Group.

In some jurisdictions, IG provides negative balance protection for retail clients, which is a guarantee that clients cannot lose more than the total amount of equity held on their account. This, together with COM and client initiated 'stops', results in the transfer of an element of the market risk from the client to the Group. This market risk arises following the closure of a client position, as the Group may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

IG has significant financial exposure to a number of financial institutions, owing to the placement of financial assets at banks and the hedging of market risk in the wholesale markets, which requires the Group to place margin with its hedging brokers.

Financial institution credit risk is managed through the application of the Group's counterparty credit risk policy.

Financial institutional counterparties are subject to a credit review when a new relationship is entered into, and this is updated semi-annually (or more frequently as required, for example upon changes to the financial institution's corporate structure or credit rating). Proposed maximum exposure limits for these financial institutions, reflecting their credit rating and systemic position, are reviewed and approved by the Executive Risk Committee.

The Group actively manages the credit exposure to each of its broking counterparties, settling or recalling balances at each broker on a daily basis in line with the collateral requirements. As part of its management of concentration risk, the Group is also committed to maintaining multiple brokers for each asset class.

The Group is responsible, under various regulatory regimes, for the stewardship of client money and assets. These responsibilities include the appointment and periodic review of institutions with which client money is deposited. The Group's general policy is that all financial institution counterparties holding client money accounts must have a minimum long-term rating of BBB-, with limits set depending on strength of credit rating. In some operating jurisdictions where accounts are maintained to provide local banking facilities for clients, it can be problematic to find a banking counterparty satisfying these minimum rating requirements. In such cases, the Group may use a locally systemically important institution. These criteria also apply to the Group's own bank accounts held with financial institutions.

In addition, the majority of deposits are made on an overnight or breakable term basis, which enables the Group to react immediately to any deterioration in credit quality, and deposits of an unbreakable nature or requiring notice are only held with a subset of counterparties which have been approved by the Executive Risk Committee.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. It is managed through the application of the Group's Liquidity Risk Management Policy.

The Group's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its broker margin requirements and other financial liabilities when due, under both normal circumstances and stressed conditions. These liquidity requirements must be met from the Group's own liquidity resources, as client money cannot be used for its operations.

The Group holds liquid assets to: i) enable the funding of broker margin requirements, ii) place appropriate prudent margins and buffers in segregated client money accounts, iii) support the growth of the business and its need for capital, and iv) maintain a liquid assets buffer.

The Group manages its liquidity centrally, and key liquidity decisions are discussed by the Executive Committee and Executive Risk Committee.

The Group carries out an Individual Liquidity Adequacy Assessment (ILAA) each year, and while this applies specifically to the Group's Financial Conduct Authority (FCA)-regulated entities (as liquidity is centrally managed through these entities), this process provides the context for determining the mitigating actions that would be taken in the event of stressed liquidity conditions for the whole Group.

The Group uses a number of measures for managing day-to-day liquidity risk, including the level of total liquid assets of broker margin requirement and of same day available cash.

The Group is required to fund margin payments to brokers on demand. Broker margin requirements are driven by the gross hedging positions held by the Group, at rates set by the brokers. The value of these positions and the margin requirements are in turn driven by the number of active clients, the level of client activity, the make-up of the total client exposure, exchange rates, interest rates and the value of instruments.

In addition to its liquid assets, the Group mitigates its liquidity risk through maintained access to committed unsecured bank facilities. The Group regularly stress tests its liquidity forecasts to validate the appropriate level of facilities it holds, and draws down on the facility at least once during each year to test the process for accessing that liquidity.

The Group produces detailed short-term liquidity forecasts and stress tests, so that appropriate management actions or liquidity facility draw down can occur prior to a period of expected liquidity demands.

IG is exposed to interest rate risk on all interest rate sensitive instruments in the non-trading book ('Banking Book'), including balance sheet assets, liabilities and off-balance-sheet items. Examples of such instruments are the UK government gilt securities held within the Liquid Asset Buffer and as collateral at hedging brokers. The liquidity risk related to these instruments is considered within the Liquidity Risk Management Policy.

Capital adequacy risk

IG operates authorised and regulated businesses worldwide supervised by the FCA in the UK and regulators across other jurisdictions. As a result of this supervision, the Group is required to hold sufficient regulatory capital at both Group and individual entity level to cover its risk exposures, valued according to applicable rules, and any additional regulatory financial obligations imposed.

The Group is supervised on a consolidated basis by the FCA. In addition to its two UK FCA-regulated entities, the Group's operations in Australia, New Zealand, Japan, Singapore, South Africa, the United States of America, Germany, Switzerland and United Arab Emirates (Dubai International Financial Centre) are directly authorised by the respective local regulators. Individual capital requirements in each regulated entity are taken into account, among other factors, when managing the global distribution and level of the Group's capital resources, as part of the Group Capital Management Framework.

IG manages capital adequacy risk through its regulatory capital policy, and seeks to ensure that at all times it holds sufficient capital to operate its business successfully and to meet regulatory requirements. The Group manages its capital resources with the objectives of facilitating business growth, maintaining its dividend policy and complying with the regulatory capital resources requirement set by its regulators around the world.

The Group undertakes an annual Internal Capital Adequacy Assessment Process (ICAAP) through which it assesses its capital requirements, including the application of a series of stress-testing scenarios, to its base financial projections. The ICAAP document is reviewed and challenged by the ICAAP and ILAA Committee and the Board Risk Committee, which recommends the result to the Board for review and approval.

The Group operates a monitoring framework over its capital resources and minimum capital requirements daily, calculating the credit and market risk requirements arising on the exposures at the end of each business day. The Group additionally monitors internal warning indicators as a component of its Board Risk Dashboard, and any breaches are escalated to the Board as they occur, with a recommendation for appropriate remedial action.

Entity level capital requirements monitoring and management is carried out locally according to each jurisdiction's requirements.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people activities, technology adoption and innovation, systems or external events. The Group also recognises the risk that it is unable to attract and retain the staff it requires to operate its business successfully as an operational risk.

Operational risk is managed through the application of the Group's operational risk management framework. The Group continuously develops this framework to ensure visibility of risks and controls. It focuses on clear accountability for controls and escalation and reporting mechanisms, through which risk events are identified and managed and appropriate action is taken to improve controls.

IG recognises that operational risk arises in the execution of all activities undertaken by the Group, and identifies and manages operational risk in four categories: technology, people, process and risk arising from external events.

RISK MANAGEMENT CONTINUED

Technology risk
Technology risk is the risk of loss caused by breakdown or other disruption to technology performance and service availability, or by information security incidents. It also includes new technology and technology that fails to meet business requirements.

The Group manages its technology risk through its Technology Risk Framework, which is overseen by the Technology Risk Committee. Key performance indicators, incidents and outages are raised to this forum, comprising of IT and risk experts. To manage cyber risk and external threats to our systems and data, the Group has a specific Information Security Forum, through which senior management is made aware of ongoing and potential threats, with policies and processes continuously being refreshed to ensure their validity within the evolving landscape.

People risk
People risk is considered as the risk of a loss intentionally or unintentionally caused by an employee, such as employee error or misdeeds, or involving employees, such as in the area of employment disputes. It includes risks relating to employment law, health and safety, and HR practices. People risk includes the risk that the Group is unable to attract and retain the staff it requires to operate its business successfully. In addition, employee strain is monitored ensuring sufficient staffing levels are in place for key business teams, so that processes are run effectively with controls maintained.

Process risk
Process risk relates to the design, execution and maintenance of key processes, including process governance, clarity of roles, process design and execution. It also covers record-keeping, regulatory compliance failures and reporting failures.

External risk
External risk is the risk of loss due to third-party relationships and outsourcing, damage to physical and non-physical property or assets from natural or non-natural external causes and external fraud.

The Group continues to develop its Operational Risk Framework to ensure visibility of risks and controls. It focuses on clear accountability for controls and escalation and reporting mechanisms, through which risk events are identified and managed and appropriate action is taken to improve controls.

The Group's Risk and Control Self-Assessment (RCSA) methodology focuses on areas of the business identified as a priority. The Group uses an operational risk event self-reporting process which provides increased visibility over events and control actions to be taken. These are monitored through a consolidated Control Action List.

Conduct risk
IG recognises and manages the risk that the Group's conduct may pose to the achievement of fair outcomes for consumers, and to the sound, stable, resilient and transparent operation of the financial markets. The Group has a conduct risk framework, and has implemented a conduct risk strategy that aims to analyse the conduct risks that may arise, and sets out how those risks are managed and mitigated. It also sets out specific controls used to manage conduct risk. The Group seeks to promote a positive, company-wide culture of good conduct as a competitive advantage and a means to differentiate itself clearly from those companies conducting themselves poorly. It also seeks to ensure that all employees are aware of the importance of managing conduct risk through programme conduct risk training and awareness.

Client outcomes
The Group manages and monitors the risk of clients failing to understand the functionality of our products and suffering poor outcomes. The Group recognises that some of its products are not appropriate for certain consumers, and operates a process to identify potential new clients for whom the product may not be suitable. The Group supports clients with education and training, and offers account types that limit a customer's risk. Client outcomes are monitored and reported to the Board.

At a global level IG adopts a vulnerable client policy, which places responsibility on first-line client-facing staff to monitor for signs of vulnerability in clients eg the type of language used by clients in their communications to the Company. If a client is deemed vulnerable their account will be closed. The number of clients who have closed accounts due to deemed vulnerability is tracked and monitored by the compliance team as part of a Product Governance management information suite. Compliance monitoring helps to identify lack of policy adherence, as well as any sudden increases in closures which may point to an issue with the way our products are being designed, marketed and sold.

In addition, the client team monitor the funding of client accounts in tandem with information held on clients regarding their financial position. This is done with the intention of identifying scenarios where affordability of losses may be called into question.

Markets and financial crime
The Group recognises the risk of causing poor market outcomes if proper controls are not in place, for example, to detect instances of market abuse which must then be reported on. Clients may also attempt to use IG to commit fraud or launder money, and the Group has designed its systems, controls and monitoring programmes to mitigate and detect such issues.

Culture and our people
The Group recognises the risk that the actions of its staff or the Group's culture can result in poor outcomes for clients, or for the financial markets. The Group seeks to ensure that its staff are appropriately trained, managed and incentivised to ensure that their behaviour and activities do not inadvertently result in poor outcomes for clients or the markets. The Group also reviews remuneration policies and incentive schemes to ensure that they are appropriate and conducive to good conduct by staff.

CORPORATE SOCIAL RESPONSIBILITY

At IG we understand that sustainable long-term returns stem from good stakeholder management and conduct – whether that be in the way we treat our clients and our employees, or the way we interact with the markets, our regulators and wider society.

In all our relationships we seek to act with integrity and transparency, maintaining a reputation for professionalism and ethical practice along with a constant determination to do things better.

Underpinning this approach are the shared values that shape all our attitudes and behaviours:

Champion the client

Lead the way

Love what we do

Our values provide the foundation for our future growth and success, and they give us an ongoing focus in our day-to-day work. We recognise the importance of defining and communicating these values to all of our people, especially in times of change. As well as helping our employees to realise our overall vision, this helps ensure that good conduct remains at the core of our culture. We continue to benefit from the work started in 2017 to embed the values within the performance management, recognition and reward processes, encouraging our people to behave in alignment with our goals.

During the year, the Executive Committee reviewed our values in the context of the new strategy, testing each against our goals and ambitions. Following the review, the Executive Committee confirmed that our values are as important and as relevant now as when they were launched in 2017. At the beginning of the 2020 financial year we will conduct strategy engagement sessions for our people, to complement the communication of the new strategy.

The following sections set out how IG has been able to demonstrate its commitment to our values, attitudes and behaviours.

SUPPORTING OUR PEOPLE

Nurturing a team of talented and dedicated people is central to our strategy, enabling us to deliver the exceptional products and services that keep us at the forefront of our industry. By cultivating an inclusive and enabling environment, we ensure that our people can thrive and achieve their full potential. This, in turn, empowers them to drive our business forward – thinking creatively, working collaboratively and building rewarding relationships with our clients.

Communication and involvement

To continue to align our people with our business and values, communication has been an area that we have focused on during the year. We have continued to develop our approach to ensure that our employees have several avenues available to them in which to learn more about our business and our performance, and to connect with our senior management and the Board.

We ensure that new employees attend values workshops to understand the meaning and importance of the values to our business.

Our intranet, the Hub, is well-used by employees. There were 1.08 million views on the site during the year, up from 1.06 million views in the previous year. The Hub is the first place that our people go to for information, with the announcement of June Felix as our CEO, and the day that our new strategy was announced ranking as the intranet's most popular days. We published 315 news articles through the year, many generated by our people themselves. In addition, we launched IG 101 during the year – a one-stop educational area on the Hub, for employees who want to learn about the business with on-demand material and videos.

In July 2018 we held our first 'IG World Cup of Trading', an internal competition to increase employee engagement with our products and the wider business, gain feedback for our platforms and service, and drive inclusivity. This competition was open to all employees, and we saw over 270 people join in from across our organisation. We plan to repeat the competition each year.

On starting with IG, our CEO made it a priority to personally meet as many of our people as possible. Communication through our intranet supported June Felix's introduction to the business and enabled our people to hear her speak on important topics. Supporting the CEO in engaging the wider organisation was a newly formed Global Leadership Team. This group is made up of senior managers and the Executive Committee, and has a key responsibility for embedding organisation culture, engagement and communication throughout the business.

This approach to introducing our new CEO complemented the work that has been done over the last few years to ensure that our employees have a number of avenues available for them to connect with our senior management and the Board. This includes fortnightly meetings with the global management team, informal events and our intranet-hosted content including blogs and articles.

We provide specific forums for the Board to meet with our employees, to discuss the strategic issues facing the business, and the Chief People Officer reports quarterly to the Board on people-related metrics and activity. Over the last 12 months we have given the Board access to key people in our organisation, focusing on giving those from outside the UK this opportunity. We consistently get positive feedback from our people on these events. They appreciate the chance to learn more about the role of the Board and discuss the strategic direction of the business.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

We have also sought to involve our people with the recent work to define the new strategy. This comprehensive process involved most of our senior managers, many of our key contributors and our subject matter experts. This resulted in a highly collaborative development experience for those involved, and a strategy that was well-received by our people and the market.

In May 2019 the Board approved IG's approach to ensuring a deeper engagement with our workforce through the establishment of a People Forum. One of the purposes of the Forum is to ensure that the views of the workforce are considered in Board discussions and decisions. It will be chaired by the Chief Operating Officer and attended by Non-Executive Directors.

Employee engagement

We are proud to have been certified as one of Britain's Top Employers by the Corporate Research Foundation for over ten years, and are committed to making IG a great place to work.

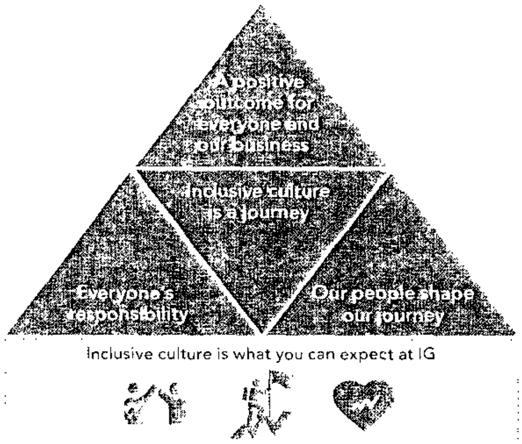
To understand our employees' perceptions of the business, we carry out two engagement surveys each year. By collecting their feedback in this way, we give our people another direct channel of communication to the Executive Committee and the Board. We consider the insights we receive when making decisions that are likely to affect employees' interests.

We have invested in raising employee engagement over the last few years and we have seen a significant improvement in engagement since 2016. Over the last 12 months we saw a 7% jump, driven by increases in employee satisfaction and advocacy. These results are particularly important for us in the current challenging market conditions. We continue to use the results to inform new initiatives and decisions relating to our people.

In response to the feedback we have gathered from these surveys, we launched two global employee-focused programmes in 2017. Our global recognition awards programme is based on our values, and allows our people to nominate their peers in recognition of their achievements. Now at the end of its second year, engagement with this programme is high – with nominations breaking previous records and almost 100 winners in the last 12 months representing all our regions. This year we introduced a special CEO award for collaboration, aimed at teams across IG that worked together across geographical and business areas to deliver projects that would benefit our business and clients.

A diverse and fair workplace

We believe that a well managed and diverse workforce brings creative energy to our business. We are committed to developing a team of individuals with the best skills to help us realise our vision and strategy – regardless of their age, ethnicity, faith, gender identity, sexual orientation or physical capacity. We welcome applications from candidates with a passion for our business, irrespective of their educational and professional background. To do this we agreed our diversity and inclusion strategy in July 2018, setting out our strategic framework and a two-year plan of action.



IG DIVERSITY AND INCLUSION STRATEGIC FRAMEWORK

We have made significant progress in understanding our employee profile through the collection of data. In the 2019 financial year we anonymously collected demographic information on employees through our annual employee survey. We asked our people about ethnicity, disability, sexual orientation and caring responsibilities. This was combined with existing data on gender and age and provides a global data set on these six characteristics to better understand our people.

We used this information to set One IG Goals. These goals are our senior managers' commitment to making positive change happen. All goals were collaboratively created and have a clear action plan.

Our aim is to create an inclusive culture where diverse points of view are welcome and encouraged, and that supports the provision of opportunities to a broad range of people. Our two-year goals represent our commitment to achieve sustainable change and we expect to reset the goals every two years.

We have extensive people policies in place to ensure that we recruit the right people and enable them to develop without experiencing discrimination or harassment. We continuously reinforce the need to treat all employees fairly, creating an environment free from bullying, where people of all grades and positions enjoy dignity and respect.

We fully consider applications for employment from disabled persons with aptitudes and abilities in line with our requirements. Where existing employees become disabled, temporarily or permanently, it is our policy to provide continuing employment wherever practicable in the same or an alternative position. Appropriate training and/or graduated back-to-work programmes, in conjunction with occupational health professionals, help achieve this aim.

We seek to accelerate change in our employee profile with several innovative programmes. Two examples from our business in India are our recruitment drive for women IT developers, and our intern programme.

To drive female recruitment in our IT development teams we held a recruitment event: a series of presentations about IG from our CEO, office head and female developers. The event attracted 55 female developers, and the resulting recruitment improved female representation in the India IT development team by 5%. We launched an internship programme to provide training for women returning to work after a break, to update their skills – including interview skills – and provide work experience. We had a very successful programme and hired one person to join our team permanently. These pilot initiatives have a positive impact on the women involved, our teams and our employer brand. We are seeking to run future programmes in India in the next 12 months, and we are considering extending the approaches to other markets.

We continue to use our early careers programmes to strive for better representation, and continue to support Code First: Girls to attract more women to technology careers.

We also continue to support our two employee networks – IG Open for LGBT+ people and allies, and IG Inspire, our women's network. Each group has had a busy year of internal and external events organised with funding from IG.

IG Open used the FIFA Football World Cup in 2018 to engage large numbers of people in the conversation about inclusion and diversity. This was received well and drove an increase in their members and registered allies. IG Open continues to support Red Run, the British Film Institute Flare Film Festival and the London Pride parade in the UK.

Our Krakow office has established relationships with other organisations, and following the change in law to decriminalise homosexuality in India we have begun to work with the Pride Circle, a local network for the LGBT+ community. We led several awareness exercises in our Bangalore office, increasing support for the network from 0.3% to 20%.

We have benefited from Stonewall membership, initiated in 2018, and they continue to be a key advisor in improving our processes and policies. We have recently created a global policy to support those who plan to transition while working with us, and updated our Parental Leave Policy in line with Stonewall guidance. We also ask key suppliers for information on their approach to diversity and inclusion in our vendor management approach. IG Open support has significantly increased in the year ended 31 May 2019.

IG Inspire, our women's network, was launched on International Women's Day in 2018. In its first year, the team has focused on making career development opportunities and external events available to our women. The network also sponsored internal presentations and panels by our own people, including a compelling presentation on imposter syndrome. One of the key achievements of the network this year was the launch of the IG Inspire women's mentoring programme, where women were given the opportunity to be mentored by our senior leaders. The aim was to support the career development of women in IG and in the first year 18 women took part. The feedback was very positive, and participants said that they developed their confidence, thinking skills and career plans.

In order to raise awareness further we encourage our people to share their personal stories through our blogs on the IG intranet. The stories shared about disability, mental health and caring for elderly relatives have been an important way to encourage our workforce to consider the impact of personal challenges on life at work.

We published our 'Gender Pay Gap' figures for the UK for the second time in March this year. This publication can be found on the IG Group website. Our gender pay gap exists because we have more men than women in senior roles. We aspire to eliminate this anomaly over time.

The initiatives described here illustrate the various approaches we are using to help close the gender pay gap at IG. We are also targeting high performing women for progression, through a range of career and personal development tools and learning programmes.

Human rights

We conduct our business in an ethical manner, following policies that embody key human rights principles. To ensure the rights of our employees are respected, we have an Equality, Diversity and Inclusion Policy and corresponding complaints procedures. Any employee with concerns about how IG respects the rights of employees or clients can also raise these to senior management through the Whistleblowing Policy. We expect our suppliers to uphold human rights in their own organisations, and we will not tolerate modern slavery or human trafficking. More information can be found in our Slavery and Human Trafficking Statement on iggroup.com

Wellbeing

We are fully committed to the health and wellbeing of our people. Our employees receive appropriate protection benefits and discounted gym access. In the UK, our people can access our flexible benefits portal, which provides the opportunity for individuals to personalise benefits to their lifestyle requirements. These benefits include access to private healthcare, the cycle to work scheme and health assessments.

We provide a global employee assistance programme (EAP). The programme offers 24/7 telephone counselling services and other wellbeing resources to all our people. The service is delivered in local languages for each location, and all calls made to the helpline are completely confidential.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

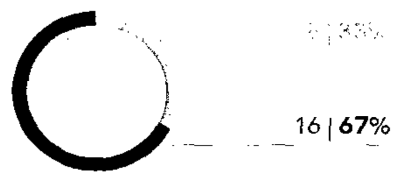
OUR WORKFORCE[1]

In terms of gender, our workforce is made up as follows at 31 May 2019:

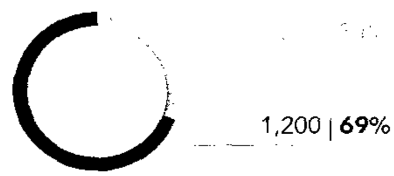
BOARD

SENIOR EXECUTIVE TEAM

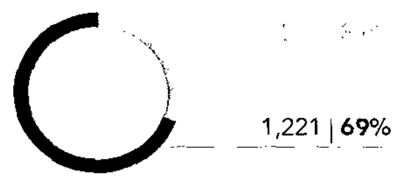
GLOBAL LEADERSHIP TEAM



EMPLOYEES



TOTAL



● MALE

(1) Excluding contractors. The data groups above share common members.

Rewarding high performance

We continue to use our performance check in process to provide regular opportunities for feedback, recognition and evaluation. Moderation meetings are embedded in our performance review process, to support fair and consistent performance evaluation. This helps to encourage healthy debate amongst our managers to identify the top performers across the organisation. Where employees are identified as underperforming either within moderation meetings or during the year, these employees are placed on performance improvement plans.

We offer a competitive reward package and a market-related salary structure that is regularly benchmarked. We also include the majority of our employees in a Group bonus scheme. Bonus levels are linked to the financial and operational performance of IG, including client satisfaction. We also ensure that our employees' individual performance is reflected in any bonus payments by reviewing the correlation of employee performance against bonus outcomes. This allows us to be confident that our people receive bonuses which reflect their individual performance relative to their peers. We actively check bonus and pay proposals for fair outcomes across diverse groups. By reviewing our remuneration risk, we also ensure that our bonus scheme does not incentivise poor outcomes for the Company. Bonuses from the Group scheme are distributed following the end of each financial year.

The remainder of our employees are included in specific sales-related bonus plans. A Sales Governance Committee with representatives from risk, compliance, HR and legal meet regularly to ensure that our sales plans are achieving their purpose and are encouraging the right behaviours. We also reward our high-potential employees through a long-term incentive plan, and we offer our employees in the UK, Australia and the US the chance to share in our success through our tax-advantaged share purchase schemes. An average of 32% of eligible employees took part in our share plans in the 2019 financial year.

Developing talent

We take the development of our people seriously, recognising that the recruitment and retention of our high-performing and high-potential employees and the development of their skills is vital to our continued success. We are constantly improving the quality of the learning opportunities our people can access, and we encourage employees to progress within the business, supporting them in their personal and professional growth.

All our employees are able to benefit from a variety of learning and development resources, ranging from on-the-job coaching and mentoring to webinars, internal training events, secondments and Board exposure programmes. We encourage attendance at relevant external events and, where appropriate, sponsor our people to undertake formal, industry-recognised training courses and achieve professional qualifications. We also support our people to attend and speak at conferences. For instance, we sponsored the Great Indian Developer conference in the 2019 financial year, and had several of our experts and senior managers speak and share experience on a variety of topics.

We acknowledge the important role our managers and leaders have in the success of our business, and have management development programmes in London, Krakow and Bangalore. These have developed almost 100 people managers in the last 12 months. We also train our managers on key people management processes, and these training programmes regularly exceed 200 attendees. We have also trained 34 qualified coaches across our business, and provide coaching and mentoring for our people.

In the UK, we use the apprentice levy to support a variety of apprenticeships. We support early careers, management and leadership, and advanced-level qualifications.

We believe our focus and investment in management and leadership development has helped us achieve strong results in our engagement survey.

To build a strong succession pipeline, we operate an annual process to assess potential across our organisation. This involves using an externally recognised model of potential, and moderation meetings with senior managers to examine talent deep into the organisation. The purpose of this process is to identify individuals who exhibit the leadership attributes we require, and to monitor the progress of those previously identified. We nurture these individuals through personalised development plans, 360-degree feedback processes, and using a variety of experiences to accelerate their development and progression. The outputs of the process are succession plans for senior critical roles.

We continue to match our high-potential people to critical roles, as we believe that development is most effective when delivered through the work people do. An example of this has been the recent strategy work, where many of our people were exposed to experiences to build their strategic thinking and analysis skills. In addition, in the last 12 months we were able to provide over 50% of our high-potential people with new and expanded roles. We also conducted a detailed risk assessment for all senior successors, and segmented high-potential individuals' responses in the employee survey to look at likelihood of leaving. This has driven targeted actions to support departments and business units facing a higher level of risk.

Community involvement and social matters

In 2017, we launched the IG Community Fund. The fund has a significant budget to support our people to help the causes and communities they care most about. The purpose of the fund is to support the communities we operate in, and to help engage and retain our people. We match the fundraising efforts of our people and provide funding to enable our people to complete bigger challenges for charities.

This year we were able to spend 99% of the fund, and we continue to see a rise in applications to the fund from across our global workforce. Typical projects we supported were individuals completing sporting and other challenges for charities, our teams in Krakow working with Helping Hands to build artificial hands for amputees worldwide, our team in Bangalore working with a school for disadvantaged children, and our Melbourne team cooking meals for the homeless.

To make the most of charitable donations, we continue to work with the Charities Aid Foundation, allowing our employees to make contributions to selected charities from gross earnings, directly from their monthly pay. Not only do we support charities with gifts of money, but also by providing time and resources. Our Time-off Policy offers the opportunity for our people to take up voluntary work, for which we grant additional leave on a like-for-like basis up to a maximum of five matched days per annual leave year.

We support our people to be involved in these initiatives and projects because it is good for their engagement with IG, and for the communities in which we operate.

ANTI-CORRUPTION AND BRIBERY

We are fully committed to preventing, detecting and deterring fraud, bribery and all other corrupt business practices.

We conduct all of our business activities with honesty, integrity and to the highest ethical standards. As a UK incorporated company, we abide by the UK Bribery Act 2010, and we have established a Share Dealing Code of Conduct, a Disclosure Committee and a relevant policy, to ensure we continue to meet the requirements of the Market Abuse Regulations.

We have designed and implemented global policies to comply with anti-bribery and anti-corruption laws, and this includes employees wishing to give or receive gifts or hospitality. Employees do not make or accept facilitation payments.

Every year all employees receive anti-bribery and corruption training through an e-learning module, which includes a knowledge assessment.

The Group makes charitable donations that are legal and ethical under local laws and practices, but does not make contributions to political parties.

TAXATION

We aim to make a positive contribution [illegible] in which we operate, and one of the most sustainable ways to achieve this is to be a responsible taxpayer. We align our approach to tax with our core values, by leading the way and doing the right thing.

Tax contribution

In the 2019 financial year, we paid £67.9m (FY18: £76.6m) to tax authorities globally in corporate income taxes, employment taxes, irrecoverable VAT and betting duty. Taxation is one of the most significant expenses for the business.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Tax strategy

We align our payment of tax with our commercial objectives, making sure that we're compliant with the tax laws in jurisdictions where we operate. We create most of our value in the UK, where the majority of our staff are based. We benefit from the UK corporation tax rate, which is already low in comparison with many other countries.

Our Chief Financial Officer is responsible for the management of tax risk. We rely on our in-house tax team and the support of external tax advisors to ensure that we're operating in line with local tax laws and meeting our statutory compliance obligations.

We have a Tax Strategy, which sets out our approach to paying taxes, and a Tax Risk Management Policy, which governs the tax decisions that are made by employees on behalf of the Group. These are both reviewed by the Audit Committee and approved by the Board on an annual basis.

Our tax team works with the wider business to ensure that the implementation of the Group Strategy is supported by timely and accurate tax advice. While considering tax advice, we take into account the needs of all stakeholders, ensuring that the outcome is fully aligned to the commercial transaction and remains within the spirit of the law and IG's values.

We have a transparent relationship with tax authorities, and will approach them when the application of tax laws requires clarification. The tax team meets with HMRC on a regular basis, to discuss the status of ongoing tax matters and to update HMRC on changes to the business.

Effective tax rate

The effective tax rate (ETR) for the 2019 financial year is 18.5% (2018: 19.4%). This is lower than the main UK corporation tax rate as a result of the benefit that the Group receives from the UK patent box regime, and the recognition of previous years' losses for tax purposes. Further details can be found in note 8 to the Financial Statements.

Cash tax rate

The Group paid £38.4 million in corporate tax during the 2019 financial year (FY18: £48.9 million). The effective cash tax rate is 19.8% (FY18: 17.4%).

The effective cash tax rate can differ from the ETR because tax payments made during a particular financial year may relate to other financial years, or may be based on estimated current year profits, depending on local tax laws. Also, the ETR includes the effects of deferred tax movements, which are not included when calculating tax payments.

Future effective tax rate

The Group's estimate of the ETR for the year to 31 May 2020 is 18.5%. The Group's ETR remains dependent on the mix of taxable profit by geography, the availability and use of taxable losses and changes to statutory tax rates.

OUR ENVIRONMENTAL IMPACT

As a business that conducts nearly all of its client trades online and undertakes no industrial activities, we do not see ourselves as a significant emitter of environmentally harmful substances. However, we still take any necessary actions to ensure that we minimise the impact of our operations on the environment.

Our greatest environmental impact comes from running and maintaining our IT infrastructure. This technology supports our award-winning platform and ensures we are consistently able to maintain our high level of platform uptime. Powering and cooling our datacentres results in the majority of our energy usage – as well as our energy costs. As such, we update our hardware and software as appropriate to save money and energy. The cooling systems in our largest datacentre have recently undergone a four-month refurbishment; the latest electronically commutated fans and new logic controls have been introduced to ensure lower electrical consumption and operating costs. Furthermore, transportation of equipment between our UK datacentres is now carried out by a new zero-emission electric vehicle.

Our offices are the second largest consumer of energy. We apply a number of energy-saving processes and have a far-reaching Recycling Policy. This not only encompasses a proportion of our daily office waste, but also extends to our IT equipment when we replace hardware. We try to use any desktop equipment for its maximum functional life, and this year we recycled 7,864kg of redundant IT and electrical equipment.

Our head office building, where around half of our employees are based, is ISO 14001 certified and has sensor lighting. We operate a 'hot-desk' working model and provide all employees with laptops, enabling our people to work from home regularly. This minimises the workspace required in our premises and optimises our efficiency.

As and when our global offices become due for refurbishment, we continue to roll out the sustainable initiatives already implemented in our head office. This year we have made further progress in introducing laptops and the hot-desk working model to our sites around the world where this is practical, as well as installing environment-friendly, state-of-the-art video conferencing and collaboration technology – provided by Skype for Business. This continues to reduce the need for work-related travel between our global locations.

We make every effort to source our office services from providers that are committed to sustainable principles. For example, in the UK our fruit supplier plants one fruit tree in Malawi, Africa, for every basket purchased. During the past year, 7,105 trees were planted thanks to IG.

Emissions data

We provide emissions data in respect of the 2019 financial year in the Mandatory Greenhouse Gas Emissions Report and Greenhouse Gas Emissions Intensity Ratio tables below. In the tables, Scope 1 emissions are those incurred in air conditioning our offices and running back-up generators for our servers, while Scope 2 emissions are purchased energy such as electricity. For the most significant sources of energy consumption discussed above, we purchase electricity via our landlords.

Basis of preparation

Greenhouse gas emissions are calculated on the basis of financial control, with the emissions data included for the companies consolidated in the Financial Statements, noting the Statement of Exclusions given below:

- Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions
- We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, except where stated
- This includes emissions under Scope 1 and 2, except where stated, but excludes any emissions from Scope 3
- The period of our report is 1 June 2018 – 31 May 2019 inclusive
- Conversion factors for UK electricity (location-based methodology), gas and fugitive emissions are those published by the Department for Environment, Food and Rural Affairs for 2018-19
- Conversion factors for UK electricity (market-based methodology) are published by electricityinfo.org

Statement of exclusions

- Global diesel use (for vehicles) has been excluded from the report on the basis that it is not material to our carbon footprint
- Our fugitive emissions have only been reported for regions where the data has been made available

MANDATORY GREENHOUSE GAS EMISSIONS REPORT

Emission type	2017/18 CO_2e tonnes Location based	2018/19 CO_2e tonnes Location based	2017/18 CO_2e tonnes Market based	2018/19 CO_2e tonnes Market based
Scope 1: Operation of facilities	0	107	0	107
Scope 1: Combustion	89	331	89	331
Total Scope 1 emissions	89	438	89	438
Scope 2: Purchased energy	3,139	2,711	2,581	2,681
Total Scope 2 emissions	3,139	2,711	2,581	2,681
Total emissions	**3,228**	**3,149**	**2,670**	**3,119**

GREENHOUSE GAS EMISSIONS INTENSITY

Total footprint (Scope 1 and Scope 2) CO_2e

	[illegible]	[illegible]	[illegible]
Net trading revenue (£)	569.0m	476.9m	-92.1m
Intensity ratio, location-based method (tCO_2e/£100,000)	5.67	6.60	+0.93%
Intensity ratio, market-based method (tCO_2e/£100,000)	4.69	6.54	-1.85%

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

NON-FINANCIAL INFORMATION STATEMENT

Section 414CA of the Companies Act 2006 (the Act) requires the Company to include within its Strategic Report a non-financial information statement setting out such information as is required by section 414CB of the Act. The table below and the information it refers to is intended to help stakeholders understand IG's position on key non-financial matters.

Reporting requirement	Policies which govern our approach	Risk management and other
Environmental matters	IG Health and Safety Policy statement ISO 14001 Greenhouse Gas Protocol Recycling Policy	CSR report, pages 68 to 69
Employees	Equality, Diversity and Inclusion Policy Recruitment Policy Time-off Policy Anti-discrimination and Harassment Policy	CSR report, pages 63 to 67
Human rights	Equality, Diversity and Inclusion Policy Modern Slavery and Human Trafficking Statement	CSR report, page 65
Social matters	Equality, Diversity and Inclusion Policy Time-off Policy	CSR report, page 67
Anti-bribery and corruption	IG Group Anti-Bribery Policy IG Group Gifts and Hospitality Policy PEPs and Sanctions Policy Client Risk Categorisation Policy Group Global Anti Money-Laundering (AML) and Counter Terrorist Financing (CTF) Policy	CSR report, page 67
Description of principal risks and impact on business activity		Business Model and Risk Profile, pages 30 to 34 Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company, pages 35 to 36 Risk Management, pages 56 to 62
Description of business model		Business Model and Risk Profile, pages 30 to 34
Non-financial key performance indicators		KPIs, pages 54 to 55

GOING CONCERN AND VIABILITY STATEMENT

GOING CONCERN

The Group meets its day-to-day working capital requirements through its available liquid assets and committed banking facilities. The Group's liquid assets comprise cash balances available to the Group for its own purposes, and exclude all monies held in segregated client money accounts. An element of the Group's liquidity is considered not to be available as it is held in overseas businesses for purposes of local regulatory and working capital requirements. In addition, some of the Group's liquidity is utilised for the buffers required to be held in client money.

In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, and stress-testing of liquidity and capital adequacy taking into account the principal risks faced by the Business. Further details of these principal risks and how they are managed is documented in the 2019 Group Annual Report from page 56.

The Directors' assessment has considered future performance, solvency and liquidity over a period of at least 12 months from the date of approval of the Financial Statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going concern basis in preparing the Financial Statements.

VIABILITY STATEMENT

The UK Corporate Governance Code requires the Directors to make a statement regarding the viability of the Group, including explaining how they have assessed the prospects of the Group, the period of time over which they have made the assessment and why they consider that period to be appropriate.

The Group has a forecasting and planning cycle consisting of a strategic plan, an annual budget for the current year and financial projections for a further three years. The output from this business planning process is used in the Group's capital and liquidity planning, and the most recent forecasts are for the four-year period ending May 2023.

The four-year forecasting period is the length of time over which the Board strategically assesses the business; the period of time the Board would typically look to pay back investments, and is the period over which the Group reviews its regulatory capital resources and requirements. The Group has assumed that there will be no material adverse change to the Group's regulatory capital or regulatory capital requirements during this period.

The first year of the planning period has a greater degree of certainty and is, therefore, used to set detailed financial targets across the Group. It is also used by the Remuneration Committee to set targets for the annual incentive scheme. Caution about the degree of certainty needs to be exercised, as in the short term, the performance of the Group's business is impacted by influences such as market conditions that it cannot control.

The further three-year period provides less certainty of outcome, but provides a robust planning tool against which strategic decisions can be made. These forecasts are also considered when setting targets for the executive and senior management share plans.

The Group undertakes stress testing on these forecasts and through the ILAA, ICAAP and Recovery Plan, providing the Board with a robust assessment of the possible consequences of principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

The types of scenarios used include the impact of major regulatory changes; the collapse of a major financial services firm; major currency appreciation; and cyber-attacks. Additionally, the Group has undertaken reverse stress-testing to understand the circumstances under which the Group's business model is no longer viable. With appropriate management actions, the results of these stresses showed that the Group was resilient to all severe, but plausible, scenarios and would be able to withstand the impact.

The Group is planning investments in new countries and in new products that may be less successful than assumed by the financial forecasts. The Directors are satisfied that these and other uncertainties have been assessed, and that the financial forecasts reflect an appropriate balance of the potential outcomes.

Overall, the Directors consider the Group is well-placed to manage its business risks successfully, having taken into account the current economic outlook, the possible consequences of principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions on the Group's profitability and liquidity.

The Group's business model provides the Directors with comfort that the business is being run in a sustainable way, serving the interest of its clients and acting responsibly in managing relationships with other stakeholders. The Board regularly assesses the principal risks facing the Group and receives reports on these and new emerging risks through the Risk Management Framework. On the basis of these and other matters considered and reviewed by the Board during the year, the Directors have reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending 31 May 2023.

STRATEGY AND PERFORMANCE REPORTING

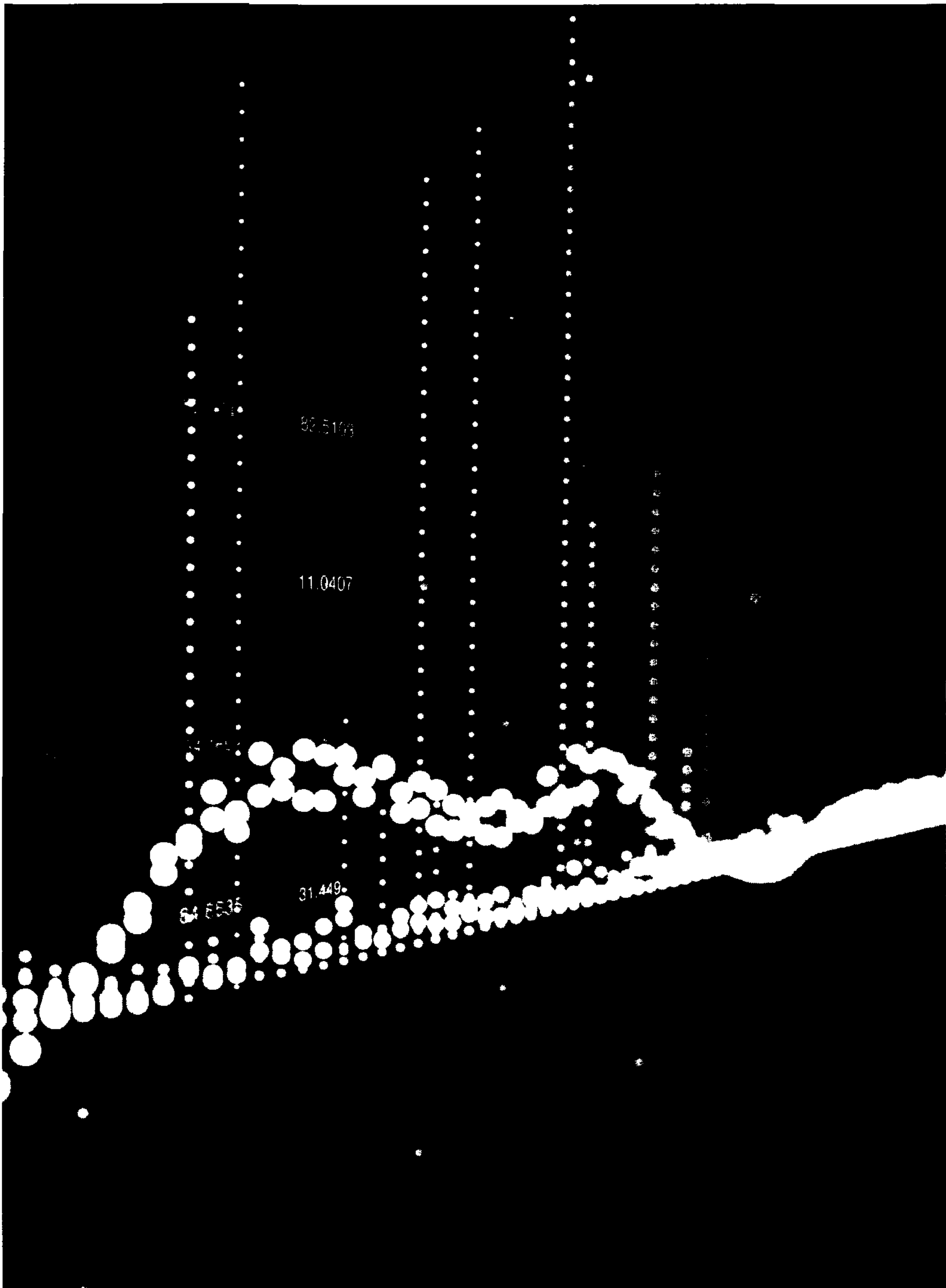
The Strategic Report up to and including page 71 was approved for issue by the Board on 23 July 2019 and signed on its behalf by:

Paul Mainwaring

Paul Mainwaring, Chief Financial Officer

GOVERNANCE REPORT

72-133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CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

ANDY GREEN
CHAIRMAN

Andy Green, Chairman, gives his introduction to corporate governance in respect of the financial year.

As your Chairman it has been my responsibility to lead the Board, creating the right conditions to ensure the Board's effectiveness in all aspects of its role and, in doing so, ensure the Board is regularly refreshed and takes into account the views of all relevant stakeholders.

ANDY GREEN

As confirmed in the Chairman's Statement set out on pages 4 to 6, during what has been a pivotal year for IG encompassing significant change for the business and in Board membership, IG's core values have continued to be a constant, underpinning our decision-making and helping create the optimal environment for future growth, management development and the development of our strategy.

Good-quality corporate governance underpins IG's ability to deliver sustainable future growth and create long-term value for shareholders. I would once again like to thank Board colleagues for their continued support in promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.

The year has been pivotal for IG in ensuring we have the right level of skills at Board level and a diverse pipeline for succession, amongst executive and non-executive colleagues, and at management level to ensure we are able to develop and will be able to deliver our new strategy, post-implementation of ESMA product intervention measures.

Now that we have announced our updated strategy, the Board will focus on monitoring performance against that strategy and the development of its identified significant opportunities, as well as ensuring we continue to have the talent to succeed in the achievement of our objectives and targets.

Succession planning has continued to be a focus for the Board. In last year's report I welcomed Bridget Messer and Jon Noble to the Board as additional Executive Directors, effective 1 June 2018. The Board has continued to benefit from their wealth of IG experience, further enhancing the quality of debate around the Board table.

In September 2018, and in the interest of ensuring Board membership continues to be regularly refreshed, we added two experienced Non-Executive Directors. Sally-Ann Hibberd's wealth of Main Market-listed experience has proved invaluable during a period of significant corporate governance change. As well as significant financial services experience, Jonathan Moulds brings with him a deep understanding of IG's products. Jonathan has since been appointed as Chairman of the Board Risk Committee, following the decision of Sam Tymms to stand down from the Board in March to pursue other opportunities.

At the end of September 2018, Peter Hetherington stepped down as CEO following a long and distinguished career at IG, spanning more than 24 years. My thanks go to Peter and to our CFO Paul Mainwaring for stepping in as interim CEO whilst the Board completed our search for Peter's successor.

On 30 October 2018, following the culmination of our externally facilitated search and succession planning efforts, we announced June Felix as our new CEO, at which point June stood down as a Non-Executive Director. As I said at the time of her appointment, June has a strong track record in strategy and product innovation and has successfully developed businesses of varying scales in the US, Asia and Europe. Her broad experience makes her ideally suited to take IG forward.

On 15 April 2019, the Group announced that I had decided to step down as Chairman at the AGM on 19 September 2019. With the completion of the CEO succession and the subsequent announcement of our new strategy, this feels like the right moment to hand over the reins. Malcolm Le May, as IG's Senior Independent Director, is leading the search for my successor.

The Board continues to search for Non-Executive Directors to bring fresh perspective to Board discussions and complement the skill sets of the current Board.

The success of the Board is dependent on a shared purpose, vision and values, and the relationship between the Chairman and the Chief Executive Officer is central to this. June has throughout her time at IG continued to be an advocate for our values, which have remained unchanged following her appointment. We continue to share views on culture, values, ethics and inclusion, which help drive our approach to strategic development.

The manner in which the Group has applied all aspects of the 2016 UK Corporate Governance Code is set out in the following Corporate Governance Report. In addition, the Board has agreed its approach to the implementation of initiatives in support of the 2018 UK Corporate Governance Code and evolving stakeholder expectations, which we will describe more fully in next year's report. These include:

- How the interests of key stakeholders and the matters set out in S172 Companies Act 2006 have been considered in Board discussions and decision-making
- Alignment of IG's purpose, values and strategy with our corporate culture
- Engagement with the wider workforce where IG has established a People Forum
- Updates to Committee Terms of Reference partly to ensure succession planning processes are designed to promote diversity and inclusion

Andy Green, Chairman
23 July 2019

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CORPORATE GOVERNANCE STATEMENT

STATEMENT OF COMPLIANCE

The UK Corporate Governance Code ('the Code') sets out the standards of good practice in relation to how a company should be directed and governed. IG has a Premium Listing on the London Stock Exchange and, as such, the Company reports in accordance with the Code published in April 2016. The Code is published by the Financial Reporting Council (FRC) and further information can be found on its website at frc.org.uk. The Board considers that the Company has been compliant with the provisions of the Code for the year ended 31 May 2019. Brief details of the Board's preparations for compliance with the 2018 UK Corporate Governance Code are set out in the Chairman's Introduction to Corporate Governance on page 75.

OVERVIEW OF CORPORATE GOVERNANCE FRAMEWORK

IG recognises that its overall structure is subject to the direction of its shareholders, who agree the Articles of Association, approve transactions mandated through the Listing Rules, consider the appointment and re-appointment of Auditors and Directors, approve the final dividend and provide for the Directors to delegate any of their powers or discretions.

The Board of Directors is responsible for appointing Directors to the Board, for agreeing the Group's strategy and for monitoring progress with the execution of the Group's strategy against agreed targets. The Board has overall responsibility for promoting the long term sustainable success of the Company for the benefit of its members as a whole, having regard, among other matters, to those matters set out in Section 172 of the Companies Act 2006, providing leadership and direction, including in relation to culture, ethics and values, and ensuring effective engagement with and encouraging participation from shareholders and other stakeholders. The Board has adopted a schedule of matters reserved to it for decision.

Certain governance responsibilities have been delegated by the Board to Committees of the Board, to ensure independent oversight over financial reporting, internal controls, risk management, remuneration and reward, Board level recruitment and generally to assist the Board with carrying out its responsibilities. Further information on the role of the Board and of the Audit, Remuneration, Risk and Nomination Committees is set out in the following pages. In addition, the Board has a Standing Committee which deals with Board-reserved matters required to be considered at short notice and where there are administrative matters requiring approval and evidencing that do not warrant a full Board. The Board also has a Disclosure Committee to assist and inform the decisions of the Board concerning the identification of Inside Information and to make recommendations about how and when the Company should disclose that information.

The Chief Executive Officer (CEO) has delegated authority for:

- The development and execution of strategy
- Leadership and development of the Group's executive management team below Board level
- Day-to-day decision-making relating to, and management of, the affairs of the Group
- Delivering financial performance in line with the Group's agreed budget
- Organisational design of the Group's operations

The Chief Financial Officer (CFO) has delegated authority including in relation to financial management of the Group, the stewardship of Group assets, the safeguarding of client money and assets, financial reporting and investor relations. The Chief Commercial Officer (CCO) has delegated authority for global client management, marketing and global sales and conversion. The Chief Operating Officer (formerly Chief Information Officer) has delegated authority in respect of trading and operations and business change.

In order to support the delivery of IG's strategy announced to the market on 22 May 2019, led by the CEO, IG has now completed an organisational review which has led to a number of changes to the management committee structure.

Below Board level, IG currently operates a number of executive management committees.

The CEO is supported by the Group Executive Committee which is IG's most senior executive management committee, comprising the CEO, CFO, CCO, COO and other senior executives. It supports the CEO in the proper performance of her duties, including to optimise the execution of the Group's strategy agreed by the Board, and provides advice and support to executive management in the day-to-day running of the Group's operations.

The CFO, in the proper performance of his duties, is supported by the Client Money and Assets Committee relating to oversight arrangements and operations in respect of the holding and safeguarding of client money and assets across the whole of the business. The CFO also leads the Control Functions Oversight Committee, which oversees the work of control function heads in the execution of their responsibilities relating to the Group's system of internal controls, and compliance by the Group's legal entities and their Directors with their statutory obligations.

The Group Executive Committee is also supported by the Core Business Committee, chaired by the CCO, which Committee has responsibility for the delivery and monitoring of performance against the Group's four-year plan and Budget for the core business units. Furthermore it is supported by the Growth Accelerator Projects Committee, whose purpose is to deliver upon and monitor performance against the significant opportunities agreed as part of the Strategy approved by the Board.

The Executive Risk Committee (ERC), provides advice to operational management in the day-to-day operation of risk governance, applying the principles of sound corporate governance to the identification, assessment, management, monitoring and reporting of risks within the Risk Appetite agreed by the Board.

The ERC in turn is supported by the Technology Risk Committee, Information Security Committee, Vendor Risk Management Committee, Best Execution Committee, the ICAAP and ILAA Committee, the Pricing Committee, the Investment Committee and the Sales Governance Committee, which allow for detailed review of matters forming part of the responsibilities of relevant management, and from where significant matters are escalated, often through the ERC to the Group Executive Committee.

The Group has also established a Transaction Reporting Committee whose activities are reported to the Board Risk Committee, and a People Forum to further enhance Board engagement with the wider workforce.

THE BOARD

The Board is responsible for determining the Group's strategy and for promoting our long-term success, through creating and delivering long-term value for shareholders.

ANDY GREEN
CHAIRMAN

Age: 63

Time on Board: 5 years (Appointed Deputy Chairman on 9 June 2014, and Chairman on 16 October 2014)

Committee membership:
Nomination Committee (Chair)
Remuneration Committee

[illegible]

JUNE FELIX
CHIEF EXECUTIVE OFFICER

Age: 62

Time on Board: 4 years (Appointed Non-Executive Director on 4 September 2015, and Chief Executive *Officer on 30 October 2018)*

[illegible]

PAUL MAINWARING
CHIEF FINANCIAL OFFICER

Age: 56

Time on Board: 3 years (Appointed 20 July 2016)

[illegible]

BRIDGET MESSER
CHIEF COMMERCIAL OFFICER

Age: 40

Time on Board: 1 year (Appointed 1 June 2018)

[illegible]

JON NOBLE
CHIEF OPERATING OFFICER FROM 14 JUNE 2019 (PREVIOUSLY CHIEF INFORMATION OFFICER)

Age: 42

Time on Board: 1 year (Appointed 1 June 2018)

[illegible]

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MALCOLM LE MAY
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 61

Time on Board: 4 years (Appointed 10 September 2015)

Committee membership:
Remuneration Committee (Chair)
Audit Committee
Nomination Committee

Malcolm has broad experience and knowledge of the financial services and investment sectors, along with extensive experience on the boards of publicly listed companies.

Malcolm was appointed as Chief Executive Officer of Provident Financial plc in February 2018, having previously been its Senior Independent Director until November 2017 and, following the death of its Chairman, [illegible]

[illegible]

STEPHEN HILL, OBE
NON-EXECUTIVE DIRECTOR

Age: 58

Time on Board: 8 years (Appointed 28 April 2011)

Committee membership:
Board Risk Committee
Remuneration Committee
Nomination Committee

Stephen brings significant and extensive quoted company board experience. He is currently a Non-Executive Director of Applegreen plc and Chairman of the Alzheimer's Society.

Stephen was previously [illegible] as the CEO of Betfair plc and has held roles at Pearson plc where, among other positions, he was CEO of the [illegible] Times Group.

[illegible]

JIM NEWMAN
NON-EXECUTIVE DIRECTOR

Age: 53

Time on Board: 6 years (Appointed 1 October 2013)

Committee membership:
Audit Committee (Chair)
Board Risk Committee
Remuneration Committee
Nomination Committee

Jim has in-depth knowledge and experience of the financial services sector, as well as considerable experience both as a CFO and in the implementation of transformation programmes.

[illegible]

SALLY-ANN HIBBERD
NON-EXECUTIVE DIRECTOR

Age: 60

Time on Board: 8 months (Appointed 20 September 2018)

Committee membership:
Audit Committee
Remuneration Committee
Nomination Committee (since 4 December 2018)

Sally-Ann has a broad background in financial services and technology. She previously served as COO of the International Division, and latterly as Group Operations and Technology Director, of Willis Group. She has held senior executive roles at Lloyds TSB and was a Non-Executive Director of Shawbrook Group plc until January 2019.

[illegible]

JONATHAN MOULDS
NON-EXECUTIVE DIRECTOR

Age: 54

Time on Board: 8 months (Appointed 20 September 2018)

Committee membership:
Board Risk Committee (Chair since 20 March 2019)
Remuneration Committee
Nomination Committee (since 15 May 2019)

Jonathan is the Chairman of Litigation Capital Management Limited, an ASX listed litigation finance company.

[illegible]

BOARD GOVERNANCE

LEADERSHIP

The role of the Board

The Board provides leadership of the Company by setting the strategic direction of the Group and overseeing management's execution of the strategy. It is responsible for establishing the Company's purpose and values, and for ensuring these and the strategy are aligned to its culture. It provides robust challenge, within a framework of prudent and effective risk management and internal controls. The Board is provided with timely and comprehensive information to enable it to discharge its responsibilities, to encourage strategic debate and to facilitate robust, informed and timely decision-making.

The Board is collectively responsible for promoting the long-term sustainable success of the Group for the benefit of its members as a whole, through the creation of long-term sustainable shareholder value and contribution to wider society. In exercising this responsibility, the Board takes into account the needs of, and ensures effective engagement with, all relevant stakeholders – including shareholders, clients, regulators, the workforce, suppliers and the wider community in which it operates – and the effect of the activities of the Company on the environment.

The Board is responsible for ensuring that, as a collective body, it has the appropriate skills, knowledge, diversity and experience to perform its role effectively.

The Board has a comprehensive schedule of matters reserved to it for decision making. These include agreeing the Group's strategy, approval of major transactions, annual budgets, and changes to the Group's capital and governance structure. The matters reserved to the Board are supplemented by an annual Board calendar which provides for, among other things, regular reviews of operational and financial performance; reviews of succession-planning for the Board and senior management; setting the Risk Appetite of the Group, and approving any changes to the Group's Risk Management and Internal Control Framework.

Specific matters for approval and recommendation to the Board have been formally delegated to certain Board Committees. The matters reserved to the Board and Committee Terms of Reference are available on the Company's website, iggroup.com

Board composition

As at 31 May 2019, the Board comprised a Non-Executive Chairman who was independent on appointment, four Executive Directors and five Independent Non-Executive Directors, supported by the Company Secretary and senior management. Details of changes to the composition of the Board can be found in the Chairman's Introduction to Corporate Governance on pages 74 to 75, in the Nomination Committee Report on pages 90 to 92 and in the Directors' Report on pages 123 to 125.

The Board operates a clear written division of responsibilities between the Chairman and the Chief Executive Officer which was last updated in March 2019.

Chairman

The Chairman, Andy Green, is responsible for leading the Board and creating the right conditions to ensure the Board's effectiveness in all aspects of its role, including promotion of the long-term sustainable success of the Group and generating value for shareholders.

He is responsible for ensuring that the Board takes an active and constructive part in supporting and challenging management on development of the Group's strategy, and in Board succession planning, promoting the highest standards of integrity, probity and corporate governance throughout the Company.

The Chairman sets the Board's agenda, in consultation with the Chief Executive Officer and Company Secretary, taking full account of the need to allow time for robust and constructive discussion and challenge on all relevant matters. He is responsible for promoting effective communication between the Board and its directors in and outside of Board meetings, and for seeking engagement with major shareholders to understand their views on governance and performance against the strategy agreed by the Board.

The Chairman has a close working relationship with the Chief Executive Officer and the Company Secretary, who work together to monitor the effective implementation of the strategies and actions agreed by the Board.

Chief Executive Officer

The Chief Executive Officer (CEO), June Felix, has specific responsibility for developing and executing the Group's strategy. In undertaking such responsibilities, the CEO takes advice from, and is provided with support by, her senior management team and all Board colleagues.

Additional specific authority includes day-to-day decision-making relating to the management of the affairs of the Group, for delivering financial performance in line with the agreed budget, and for organisational design of the Group's operations. The CEO is also responsible for recruitment, leadership and development of the Group's executive management team and on proposing to the Board the Group's approach to its vision, values, culture, diversity and inclusion.

Chief Financial Officer
The Chief Financial Officer (CFO), Paul Mainwaring, is responsible for the financial management of the Group and its financial reporting, for monitoring the Group's operating and financial results and for management of the Group's internal financial control systems. The CFO also has responsibility for oversight of capital and liquidity management and the management and safeguarding of client money and assets. He supports the CEO in implementing the Group's strategy and in relation to the financial, risk management and operational performance of the Group. The CFO chairs the Control Function Oversight Committee, further details of which are set out on page 76.

Other Executive Directors
The Chief Commercial Officer (CCO), Bridget Messer, has delegated authority for global client management, marketing and global sales and conversion. The Chief Operating Officer (formerly Chief Information Officer), Jon Noble, has delegated authority in respect of trading and operations and business change.

Senior Independent Director
Malcolm Le May is the Senior Independent Non-Executive Director and, in this capacity, he acts as a sounding board for the Chairman. He serves as an intermediary for the other Directors when necessary. He is also available to shareholders if they have concerns which communication via the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve, or when shareholders prefer to speak directly to him. He is responsible for evaluating the performance of the Chairman on behalf of the other Directors.

Non-Executive Directors
The Non-Executive Directors are independent of management and are considered by the Board to be free from any business or other relationships that could compromise their independence. Their role is to effectively advise and constructively challenge management, along with monitoring management's success in delivering the agreed strategy within the Risk Appetite and control framework agreed by the Board. They are also responsible, through the Remuneration Committee, for determining appropriate levels of remuneration and reward for the Executive Directors. In addition, the Chairman of the Audit Committee has responsibility for Internal Audit, including ensuring the independence of the function.

Company Secretary
The Company Secretary, Tony Lee, supports and works closely with the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Board Committee Chairs in setting agendas for meetings of the Board and its Committees. He supports the accurate, timely and clear information flow to and from the Board and the Board Committees, and between Directors and senior management. In addition, he supports the Chairman in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations.

The Company Secretary also advises the Board on corporate governance matters and Board procedures, and is responsible for administering IG's Share Dealing Code of Conduct and the Annual General Meeting.

How the Board operates
The Board meets regularly, at least seven times a year, and this year has met nine times to accommodate additional consideration of IG's evolving strategy following the appointment of June Felix as CEO. In addition, the Board has a Standing Committee whose responsibility is to consider Board-reserved matters at short notice, or where there are administrative matters requiring evidencing that does not warrant a full Board.

Senior executives below Board level are invited to attend meetings as required to present and discuss matters relating to their business areas and functions.

The full Board also meets when necessary to discuss important ad-hoc emerging issues that require consideration between scheduled Board meetings. There were eight such meetings held during the year, convened principally to consider matters relating to Board appointments and succession, and the Company's preparedness and responses to the European Securities and Markets Authority (ESMA) product intervention measures. The Chairman and the Executive Directors also met, as the Board, to consider Non Executive Director fees.

Each Director commits an appropriate amount of time to their duties during the financial year. The Non-Executive Directors met the time commitment reasonably expected of them, including pursuant to their letters of appointment.

Where Directors are unable to attend meetings, they are encouraged to give the Chairman their views in advance, on the matters to be discussed.

The Chairman and Non-Executive Directors meet in the absence of the Executive Directors at least twice a year. There were five such meetings during the year, which took place immediately following Board meetings to discuss matters relating to Board discussions.

During the year, Non-Executive Directors, led by the Senior Independent Director, met without the presence of the Chairman, including to evaluate the Chairman's performance.

BOARD GOVERNANCE CONTINUED

Attendance at Board meetings

The number of full scheduled Board meetings attended by each Director during the year, including the Board Strategy Day, is set out below:

BOARD MEMBER	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman		
Andy Green	9	9
Independent Non-Executive Directors		
Sally-Ann Hibberd[1]	8	8
Stephen Hill	9	9
Malcolm Le May[2]	9	8
Jonathan Moulds[1]	8	8
Jim Newman	9	9
Sam Tymms[3]	8	8
Executive Directors		
June Felix[4]	9	9
Peter Hetherington[5]	2	2
Paul Mainwaring[6]	9	8
Bridget Messer	9	9
Jon Noble	9	9

(1) Sally-Ann Hibberd and Jonathan Moulds attended all Board meetings following their appointment on 20 September 2018
(2) Malcolm Le May was unable to attend one meeting [illegible] events
(3) Sam Tymms attended all Board meetings up to and including the date of his resignation on 20 March 2019
(4) June Felix attended two Boards as a Non-Executive Director prior to being appointed as CEO on 30 October 2018
(5) Peter Hetherington attended all Board meetings prior to his resignation on 26 September 2018
(6) Paul Mainwaring did not attend one Board meeting [illegible]

BOARD ACTIVITIES DURING THE YEAR

The Board meeting agendas during the year included consideration across the key areas of strategy, governance, risk and financial performance, pursuant to the schedule of matters reserved to the Board and the agreed annual forward calendar.

Strategy

- Held three Board meetings focusing on the strategic development of the business at which the Board, supported by advisors, analysed the then-current *strategic business initiatives; reviewed the four-year plan;* considered changes in technology infrastructure; and examined fintech sector themes and trends that could be used to help inform strategic development. The Board also reviewed the competitive environment, identified and developed strategic options and opportunities through internal teams, and agreed strategic development priorities which were announced to the market on 22 May 2019

Business, operational highlights and current trading

- *Regularly received business performance updates* on business progress and the issues and challenges faced by management, through the CEO report, Financial Review and quarterly reports from the Chief Commercial Officer and the Chief Operating Officer (formerly the Chief Information Officer), as well as from the Chief Risk Officer on Risk and Compliance matters, and from the Chief People Officer
- Received reports on matters of interest such as location strategy, people management and governance, technology risk, regulatory change and competitor analysis, and the *launch* of new strategic initiatives including the multilateral trading facility and US retail *foreign exchange dealer*
- Considered IG's response to the imposition of ESMA *product intervention measures*

Quarterly forecast and budget

- Received updates on performance against the prior year, budget and market analyst consensus
- Discussed the risks and opportunities for the 2019 financial year budget and approved the 2020 budget and four-year plan

Culture, people, governance, risk and regulation

- Evaluated the effectiveness of the Group's risk management and internal control systems, reviewed and approved the Group's Risk Appetite Statement and key regulatory documents, including the Individual Capital Adequacy Assessment Process (ICAAP), the Individual Liquidity Adequacy Assessment (ILAA) documents and the Group's Recovery Plan (RP)
- Considered and approved proposals on improvements to workforce representation at the Board, and updates to the diversity and inclusion strategy
- Considered IG's emerging strategy relating to talent and succession
- Discussed the results of the employee engagement survey
- Received the health and safety annual report and an annual information security update
- Received regular updates on corporate governance developments, including the 2018 UK Corporate Governance Code and the introduction of the Senior Managers & Certification Regime
- Analysed the impact of emerging political and legal risk, including that relating to Brexit

Financial performance

- Reviewed the financial performance of the Group and approved all financial results announcements and the Annual Report with the respective Financial Statements
- Reviewed and approved a four year forecast
- Reviewed IG's capital plan and assessment

Dividends

- Reviewed the dividend policy

Other

- Considered feedback following shareholder engagement
- Received regular reports from Board Committee Chairs
- Agreed the amendment and renewal of the Group's banking facilities
- Agreed IG's corporate insurance programme
- Undertook an internal evaluation of its effectiveness and the effectiveness of each Board Committee and individual Directors

BOARD COMMITTEES

Certain governance responsibilities have been delegated by the Board to Board Committees, to ensure that there is independent oversight of internal control and risk management and to assist the Board with carrying out its responsibilities. Other than in respect of the Disclosure Committee, which is staffed by the CEO, CFO and Company Secretary, these Board Committees comprise Independent Non-Executive Directors and, in some cases, the Chairman. Each Committee has agreed Terms of Reference, approved by the Board, which are available on IG's corporate website, iggroup.com

A brief description of the roles of each Committee is set out on the following page.

The Chairman of each Board Committee reports to the Board on the matters discussed at Committee meetings. The minutes of each Committee meeting are made available to all Directors. Reports from the Chairman of each of the principal Board Committees, including information on the Committee's composition and activities in the year, can be found in the sections relating to each Committee within this Annual Report.

BOARD GOVERNANCE CONTINUED

AUDIT COMMITTEE

- Responsible for the integrity of the Group's Financial Statements, including its annual and interim reports
- Reviews and recommends to the Board the effectiveness of the Group's Internal Audit function and risk management system, annual Internal Audit plan, appointment, reappointment and removal of the External Auditors
- Responsible for monitoring the effectiveness of the control environment relating to the management and safeguarding of client money and assets
- Reviews the management and control framework for the governance, operation and maintenance of the Group's legal entities

BOARD RISK COMMITTEE

- Responsible for providing oversight and advice to the Board in relation to current and future risk exposures of the Group and promoting a risk-awareness culture within the Group
- Recommends to the Board the design and implementation of risk management policy and measurement strategies across the Group, the Group's risk profile, risk appetite and key risk indicators for the current and future strategy
- Reviews and recommends to the Board the adoption of key risk-related documents, including the ILAA, ICAAP and RP
- Commissions thematic risk reviews relating to key risks
- Receives a twice-annual report on the risks associated with the Group's corporate culture and periodic reports on risks relating to Product Governance
- Receives reports from Internal Audit on advisory work conducted by the function on the state of the Risk Management Framework and current and potential risk exposures of the Group

NOMINATION COMMITTEE

- Responsible for reviewing the composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of diversity, knowledge, skills and experience
- Reviews and recommends appointments to the Board and to other senior management positions
- Conducts succession-planning reviews at Board level for recommendation to the Board

DISCLOSURE COMMITTEE

- Assists and informs the decisions of the Board concerning identification of Inside Information
- Makes recommendations to the Board about how and when the Company should disclose Inside Information, having regard, in particular, to information previously disclosed by the Company

[illegible]

- Responsible for making recommendations to the Board on the Group's senior executive Remuneration Policy
- Reviews and recommends to the Board the Group's Remuneration Policy, which is consistent with effective risk management, the framework for the remuneration of the Company's Chairman and Executive Directors and share-based awards under the Group's Employee Incentive Scheme
- Monitors developments in remuneration and reward practice to ensure the Group's policies take account of reasonable stakeholder expectation

EFFECTIVENESS

Board composition

The Board's size and the skills and experience of its members have a significant impact on its effectiveness. It aims to maintain a balance in terms of experience and skills of individual Board members. These factors are regularly reviewed to ensure that the Board has the right mix of skills and experience for constructive discussion and, ultimately, effective Board decisions.

The breadth of skills and experience currently on the Board includes experience in key areas such as existing Non Executive Director experience in a listed environment, international financial services, finance and accountancy, strategy, information technology, people, financial services regulation, marketing, risk management, investor relations, technology and digital and law. Certain Non-Executive Directors currently undertake executive roles outside of IG.

There is an appropriate combination of Executive Directors and Non-Executive Directors, such that no individual or small group of individuals can dominate the Board's decision-making.

Director independence

The Company is, and continues to be, fully compliant with the 2016 UK Corporate Governance Code, which requires that at least half of the Board, excluding the Chairman, should comprise Non Executive Directors who are determined by the Board to be independent

The independence of the Non-Executive Directors is considered by the Board and reviewed on an annual basis, as part of the Board effectiveness review. The Board considers factors such as length of tenure and relationships or circumstances that are likely to affect or appear to affect the Director's judgement in determining whether they remain independent

Following this year's review, the Board concluded that all the Non-Executive Directors continue to remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement

Conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. Directors are required to disclose both the nature and extent of any potential or actual conflicts with the interests of the Company.

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts that may arise, and to impose such conditions or limitations as it sees fit. During the year, potential conflicts were considered and assessed by the Board and approved where appropriate.

Succession planning and appointments to the Board

The Board uses succession planning to ensure that executives with the necessary skills, knowledge and expertise are in place to develop and deliver IG's strategy, and that it has the right balance of individuals to be able to discharge its responsibilities. The Board regularly reviews its composition to keep it constantly refreshed. Any searches for Board candidates, and appointments made, are based on merit against objective criteria, including the use of a Board skills matrix which was last updated in January 2019.

The Nomination Committee has specific responsibility for considering the appointment of Non-Executive and Executive Directors and recommending new appointments to the Board. It regularly reviews the structure, size and composition required of the Board and makes recommendations to the Board as appropriate. More information on the work of the Nomination Committee can be found in the report of the Nomination Committee on pages 90 to 92. The Board as a whole is also involved in overseeing the development of management resources across the Group.

Board tenure (as at the date of this report)

TENURE	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS (INCLUDING THE CHAIRMAN)
0 to 3 years	4	2
3 to 6 years	0	3
Over 6 years	0	1

Induction

Following appointment each Director receives a comprehensive and formal induction, tailored to their individual experience, to familiarise them with their duties and the Company's business operations, risk and governance arrangements. The induction programme, which is coordinated with the help of the Company Secretary, may include briefings on industry and regulatory matters relating to the Company's structure and business model, the history of the Group, risk management and risk appetite, as well as meetings with senior management in key areas of the business. These are supplemented by induction materials such as recent Board papers and minutes, organisation structure charts, governance matters and relevant Company policies. Newly appointed Directors may also meet the Company's External Auditor, Brokers and advisers, and attend a presentation held by Linklaters on the roles and responsibilities of a UK-listed company director.

BOARD GOVERNANCE CONTINUED

Ongoing professional development

In order to facilitate greater awareness and understanding of the Group's business and the environment in which it operates, all Directors are given regular updates on changes and developments in the business.

Training opportunities are provided through internal meetings, workshops, presentations and briefings by internal advisers and business heads, as well as external advisers. The Company Secretary updates the Board on any relevant legislative and regulatory corporate governance related changes on a regular basis.

The Directors meet with executives to receive further insights into the operations of the business in the jurisdictions where the Group operates. In addition, IG has continued its series of Breakfast with the Board sessions attended by Non-Executive Directors, to enable staff across the business to meet and ask questions on defined topics.

During the year, the Directors attended briefing sessions on location strategy, people management and governance, technology risk, regulatory change and competitor analysis, and the launch of new strategic initiatives including the multilateral trading facility and US retail foreign exchange dealer.

The Chairman ensures that the Directors continually update and refresh their skills and knowledge, and independent professional advice is provided, when required, at the Company's expense.

Information provided to the Board

The Chairman, with support from the CEO and Company Secretary, is responsible for ensuring that the Board receives accurate, timely and clear information to enable it to make appropriate challenges, to encourage debate and to ensure its decisions are fully informed.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are followed and compliance with applicable laws and regulations is observed.

The Company Secretary supports the Chairman in setting the Board agenda, and Board papers are distributed to all Directors in advance of Board meetings via a secure electronic system. The Company Secretary is also responsible for advising the Board, through the Chairman, on corporate governance matters.

Directors receive briefings from the Chief Executive Officer and other executive officers in the periods between meetings.

Election and re-election of Directors

The UK Corporate Governance Code requires that all directors of FTSE 350 companies should be subject to annual election by shareholders. Each Director and the Board as a whole underwent a performance evaluation during the course of the year. Following this, all Directors, other than the Chairman who has announced his intention to stand down at the AGM, will stand for re-election or election at the AGM.

Board evaluation

Each year, an evaluation of the effectiveness of the Board is conducted. The evaluation includes an assessment of the effectiveness of Board Committees. Individual directors are also assessed with feedback provided to and from the Chairman.

Last year the Board agreed areas of development, in respect of which there has been significant progress

- The Board continued to progress succession planning at Board and senior management level and has made several Board changes
- The people strategy has continued to evolve with the identification of Group Executive Committee-level succession candidates, of critical roles and talent pools, and the methodology employed to establish a framework to identify and develop IG's high potentials. IG now has an embedded recognition programme through Spotlight awards, has continued to develop its approach to diversity and inclusion, and has expanded its graduate scheme. The Board has now established a People Forum, whose responsibilities extend to ensuring that the opinions of the workforce are taken into consideration as part of Board discussions and decision-making
- There is now an embedded programme for Board interaction with management below Group Executive Committee level, including through Breakfast with the Board
- The quality and timeliness of materials provided to the Board have continued to improve, as the Company Secretariat continues to educate staff and standardise the documents presented to the Board. IG has modified Board packs to remove certain detailed management-level information and, in its place, introduced quarterly reports from each Executive Director, the Chief Risk Officer and Chief People Officer. There is a recognised need to continue to reinforce the benefits of preparing focused, succinct, consistent and timely information to allow the Board to make fully informed and timely decisions
- The Board has revisited its strategy in detail which was announced to the market on 22 May 2019
- The Board Risk Committee is now increasingly discussing the current and emerging risks facing the business as well as business-critical individual, strategic and operational risks

In 2019, the Company carried out a questionnaire-based internal evaluation, led by the Company Secretary. The questionnaire was based on the questions used in previous years to enable the Board to establish a relative statistical analysis on relevant themes

The first stage of the review involved the Chairman and the Company Secretary setting the context for the evaluation to ensure the survey would respond to the specific circumstances of the Group, while ensuring consistent questioning to facilitate ongoing analysis of performance improvement.

All Board members and the Company Secretary completed web-based surveys addressing the performance of the Board and its Committees, the Chairman and individual Directors. The Company Secretary subsequently produced a report of its findings, which were reviewed by the Chairman and subsequently discussed with the Board

Overall, the results indicate that the Board is operating effectively, with a number of areas rated positively and progress made with all development areas identified in 2018, as set out above.

The main areas agreed by the Board for development in the coming year are:

- Continuing to focus on Board dynamics following Board changes during the 2019 financial year, evaluating and responding to the need to ensure the right balance of skills needed on the Board
- Focusing on the needs of and interaction with key stakeholders including shareholders, regulators, clients and employees
- Monitoring the performance of management in the stewardship of the Company's assets in support of the delivery of the new strategy
- Continuing to develop the senior management pipeline and capabilities whilst retaining key talent
- Increased focus at Board on Culture and Conduct-related themes

We will report on actions taken and progress made in next year's Annual Report.

Led by Malcolm Le May, the Senior Independent Director, a review of the Chairman's performance was carried out by the Board. The performance of the Chairman was discussed without the Chairman present, following which the Senior Independent Director and Chairman met to discuss the review findings

The evaluation of the performance and contribution of each Director was conducted with reference to a self-performance review questionnaire completed by each Director. This was then discussed at sessions between each Director and the Chairman

The reviews concluded that each Director continues to perform effectively and to demonstrate commitment to the role.

Time commitment

Following the Board evaluation process detailed above, the Board is satisfied that each of the Directors continues to be able to allocate sufficient time to the Company to discharge their responsibilities effectively, notwithstanding changes to the external commitments of certain directors.

ACCOUNTABILITY

Financial and business reporting

The Strategic Report on pages 26 to 34 describes the Vision and Strategy and the Business Model, whereby the Company generates and preserves value over the long term and delivers the objectives of the Company.

A Statement of the Directors' Responsibilities in respect of the Financial Statements is set out on page 126, and a statement regarding the use of the going concern basis in preparing these Financial Statements is provided in the Going Concern and Viability Statement on page 71.

Risk management and internal control

The Group is exposed to a number of business risks in providing products and services to its clients. The Board is responsible for establishing the overall appetite for these risks, which is detailed and approved in the Risk Appetite Statement. The Board has responsibility for ensuring the maintenance of the Group's risk management and internal control systems and for annually reviewing them.

The framework under which risk is managed in the business is supported by a system of internal controls, designed to embed within the business the effective management of the Group's key business risks. The risk management and internal controls systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss

Through reports from the Board Risk Committee and the Audit Committee, consideration of the ICAAP, ILAA and RP, the Board regularly reviews and monitors the Group's risk management and internal controls systems and the effectiveness with which it manages the principal risks faced by the Group

The Directors confirm that the Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. We outline the risks to which the Group is exposed and the framework under which risk is managed, including a description of the system of internal controls, in the Business Model and Risk Profile section on pages 30 to 34 and in the Risk Management and the Going Concern and Viability Statement sections on pages 56 to 62 and page 71

An annual formal review of the effectiveness of the Group's system of risk management and internal controls has been carried out for the Board, to support the statements included in the Annual Report and Financial Statements. The review focused on the overall Risk Governance Framework and the setting of IG's risk appetite. It considered the key risk assessment and monitoring activities across the Group, as well as the processes and controls in place to manage the Group's principal risks and for escalating exceptions highlighted by risk management processes.

BOARD GOVERNANCE CONTINUED

There are risk management and internal controls systems in place for identifying, evaluating and managing the principal risks facing the Group, in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council.

Throughout the year and up to the date of this report, the Group has operated a system of internal controls that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

Internal controls over financial reporting

The Group's financial reporting process has been designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of financial statements, including consolidated financial statements, for external purposes in accordance with IFRSs. The annual review of the effectiveness of the Group's system of internal controls included reviews of systems and controls relating to the financial reporting process.

Internal controls over financial reporting include procedures and policies that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the Group's assets
- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements, and that receipts and expenditures are being made only in accordance with authorisations of management and respective Directors
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of Group assets that could have a material effect on the Group's financial statements

REMUNERATION

The responsibility for determining remuneration arrangements for the Chairman and Executive Directors has been delegated to the Remuneration Committee. Information on the Remuneration Committee and the Directors' Remuneration Report and Policy can be found on pages 93 to 111.

ENGAGEMENT WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Board recognises the importance of maintaining good and constructive communication with the Company's stakeholders including shareholders, and has in place a comprehensive programme to facilitate this each year.

Our Annual Report is an important medium for communicating with shareholders, setting out detailed reviews of the business and its future developments in the Chairman's Statement, the Chief Executive Officer's Statement and Q&A and the Strategic Report.

In order to ensure that the members of the Board develop an understanding of the views of major shareholders, there is regular dialogue with institutional investors and shareholders, presentations by management and Investor Roadshows around the time of the Group's year-end and half-year results announcements. IG's Investor Relations team coordinates these. These presentations are available on the Group's website at iggroup.com, which also provides a wide range of other information to shareholders and prospective shareholders. The Company also responds to ad-hoc requests from shareholders on a regular basis.

The Chairman, the Senior Independent Director, (including in his capacity as Chairman of the Remuneration Committee), and the Executive Directors hold meetings with the Company's largest institutional shareholders and market analysts to discuss governance developments (including in respect of external and internal remuneration policy), business strategy, Board succession and financial performance.

Following all investor presentations and meetings, feedback is passed to the Board on any opinions or concerns expressed by shareholders. The Directors receive regular updates on shareholder views, roadshow feedback as well as analysts' reports on market perception of the Group's performance and strategy and are made aware of the financial expectations of the Group from the outside market. This year the Group conducted a Strategy and Business Update attended by shareholders and analysts setting out the key strategic choices the Group has made in pursuit of its vision, the four growth levers that are being deployed to drive growth, and the market-specific action the Group is now taking to implement those levers to deliver sustainable growth.

The Chairman and the Senior Independent Non-Executive Director are available to meet shareholders on request and ensure that the Board is aware of shareholder concerns not resolved through other communication mechanisms. The Chairman and the Senior Independent Non-Executive Director provide feedback to the Board on any views or concerns expressed to them by shareholders.

In addition to its shareholders, the Board recognises that the success of the business depends on its ability to engage effectively and work constructively with a variety of other key stakeholder groups, in order that their views may be taken into consideration in Board discussions and decisions.

The Board has identified a number of stakeholder groups other than shareholders. Details of the approach of the business to dealing with the various groups are set out through these report and accounts as set out below:

Principal Stakeholders	Where principally reported	Pages
Clients	Our Clients, Strategic Report, Business Model	22 to 70
Regulators	Strategic Report, Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company's Business	22 to 70
Workforce	Corporate Social Responsibility	63 to 70
Community	Corporate Social Responsibility	63 to 70
Environment	Corporate Social Responsibility	63 to 70
Auditors	Audit Committee Report	112 to 119

AGM

The AGM provides the Board with the opportunity to communicate with private and institutional investors, and we welcome and encourage their participation at the meeting. The Chairman aims to ensure that all the Directors, including the Chairs of the Board Committees, are available at the AGM to answer questions. The 2018 AGM was a successful event attended by all the Directors. All the proposed resolutions were passed on a poll, with the percentage of votes in favour of each resolution ranging from 90.32% to 99.88%, and the percentage of votes cast was always above 80%

The 2019 AGM will be held on 19 September 2019. The Notice of the AGM sets out the resolutions to be proposed at the meeting. A copy of the Notice is available on the Group's website, iggroup.com. IG sends its Annual Report and Notice to shareholders, or makes them available on the Group's website, at least 20 working days before the date of the meeting. The Notice sets out a clear explanation of each resolution to be proposed at the meeting. Shareholders have the opportunity to ask questions and, if they are unable to attend, can submit written queries in advance of the meeting. After the meeting, IG will make available to shareholders full details of the votes, including proxy votes, received on each resolution, and will publish these on the Company's website on the same day

NOMINATION COMMITTEE

ANDY GREEN

CHAIRMAN

Andy Green, Chairman of the Nomination Committee, gives his review of the Committee's activities during the financial year.

The Nomination Committee undertakes an important role in leading the process for appointments, ensuring plans are in place for orderly succession to the Board and senior management positions, and overseeing the development of a diverse pipeline for succession.

ANDY GREEN

CHAIRMAN'S OVERVIEW

The Nomination Committee undertakes an important role in leading the process for appointments, ensuring plans are in place for orderly succession to the Board and senior management positions, and overseeing the development of a diverse pipeline for succession. The Committee is responsible for ensuring the Board has a combination of skills, experience and knowledge needed to lead the Group at and immediately below Board level, and in supporting the development and delivery of our strategy.

It is responsible for identifying, and recommending to the Board, suitable candidates for appointment to the Board, and ensures the Board's composition meets the Company's needs using external search consultancies to help source suitable candidates based upon objective criteria.

This year, and as set out in my Introduction to Corporate Governance on pages 74 and 75, the Committee completed its CEO succession planning review following an extensive process involving external search firms, including Korn Ferry and Russell Reynolds. The review culminated in Peter Hetherington leaving the Board following long and *distinguished service with IG, and the appointment of June* Felix as CEO. In order to avoid any potential conflict of interest, as soon as June Felix was identified as a potential candidate she recused herself from all further discussion or decision-making in respect of the CEO succession, and as such has not been included in the 'eligible to attend' column for those Committee meetings held during the search

The Committee has also overseen the independent search and appointment of Sally Ann Hibberd and Jonathan Moulds as additional Non-Executive Directors, which search was also facilitated by Russell Reynolds following the relevant selection process. Sally-Ann Hibberd was appointed as a Committee member on 4 December 2018, and Jonathan Moulds was appointed as a Committee member on 15 May 2019.

In the interests of continuing to ensure that the Board is regularly refreshed, the Committee selected Heidrick & Struggles to search for additional Non-Executive Directors.

The make-up of the Board and the additional searches also reflect the change in role of June Felix, the decision of Sam Tymms to leave the Board in April 2019 to pursue other opportunities, and the fact that IG now has four Executive Directors following the appointment of Bridget Messer and Jon Noble to the Board on 1 June 2018.

As also set out in my Introduction to Corporate Governance, Malcolm Le May is leading the search for my successor as Chairman, supported by Russell Reynolds.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Committee consists of Independent Non-Executive Directors, and meets as necessary to discuss appointments to the Board. The Chairman of the Board is also the Chairman of the Committee, and the Company Secretary acts as the Secretary of the Committee. On invitation, the Chief Executive Officer also attends, but is not involved in decisions relating to her own succession. The Chief People Officer also attends on invitation.

During the year, the Committee met nine times, sometimes at short notice, principally to consider Board composition, succession planning and Executive Director development.

COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Andy Green	9	9
Malcolm Le May	9	9
Stephen Hill[1]	9	7
Jim Newman[2]	9	8
Sam Tymms[3]	7	6
June Felix[4]	1	1
Sally-Ann Hibbard[5]	2	2

(1) Stephen Hill was unable to attend two meetings called at short notice due to other commitments.
(2) Jim Newman was unable to attend one meeting called at short notice due to other commitments.
(3) Sam Tymms was unable to attend one meeting called at short notice due to other commitments and served as a Committee member until he stepped down from the Board on 20 March 2019.
(4) June Felix did not participate in meetings after she was identified as the internal CEO candidate and left the Committee on becoming CEO on 30 October 2018.
(5) Sally-Ann Hibbard was appointed to the Committee on 4 December 2018 following her appointment to the Board on 20 September 2018.

ROLE OF THE NOMINATION COMMITTEE

The principal roles and responsibilities of the Committee include:

- Reviewing the structure, size and composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of skills, knowledge, diversity and experience and making appropriate recommendations to the Board relating to succession planning at Board level
- Ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board
- Identifying and nominating, for approval by the Board, suitable candidates to fill Board vacancies as and when they arise
- Keeping under review the leadership needs of the Group, with a view to ensuring the continued ability of the Group to compete effectively in its marketplace
- Keeping up to date about strategic issues and commercial changes affecting the Group and the market in which it operates

The Terms of Reference of the Committee are available on the Group's website, iggroup.com

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

The Committee's main focus has been on Board-level succession planning, and ensuring plans are in place to regularly review and refresh Board membership.

As reported last year, following an extensive process supported by external consultants Korn Ferry, a leadership and talent consulting executive search firm with no other connections with the Company, and partly undertaken as part of IG's long term CEO succession planning, Bridget Messer and Jon Noble were appointed as Executive Directors on 1 June 2018.

Following discussions with the then CEO, Peter Hetherington, the Committee agreed to conduct a search for a CEO with support from Russell Reynolds. A detailed brief was prepared, focusing on the skills needed to help guide IG through the next stage of its development.

NOMINATION COMMITTEE CONTINUED

The process involved the establishment of an externally facilitated success profile for relevant candidates, followed by an external assessment of each candidate against the profile agreed by the Committee. June Felix had recused herself from the process as soon as her candidature had been confirmed.

Peter Hetherington left the Board on 26 September 2018, at which point the Committee proposed the appointment of Paul Mainwaring as interim CEO whilst the search for a successor was finalised.

Following panel interviews, June Felix was identified as the preferred candidate and was appointed on 30 October 2018. It was recognised that as well as knowledge of IG's business, June also had wide international finance and technology experience and a proven ability to evolve internationally focused businesses through strategic change.

Recognising the importance of developing a Board with the appropriate balance of skills, knowledge, diversity and experience, the Committee has also focused on the recruitment of additional Non-Executive Directors with technology, financial services and IG industry and product knowledge, as well as extensive Non-Executive Director experience in the listed environment. This search culminated in the appointment of Sally-Ann Hibberd and Jonathan Moulds to the Board in September 2018.

As announced to the market on 14 June 2019 June Felix, Chief Executive Officer, has undertaken an enterprise-wide organisational review to support the delivery of IG's strategy which was announced to the market on 22 May 2019, and has made changes to the organisation's structure and the Group's Executive Committee.

As part of these changes, Jon Noble, previously Chief Information Officer, was appointed as Chief Operating Officer of the Company with effect from 14 June 2019, with responsibility for trading and operations, and business change.

At the date of this report, I am informed that the search for my successor as Group Board Chairman is progressing well.

COMMITTEE EVALUATION

During the year, an evaluation of the performance of the Committee and its members was undertaken in line with the Committee's Terms of Reference. The evaluation process was internally facilitated by the Company Secretary as part of the overall annual Board effectiveness review, details of which can be found on pages 86 and 87. The performance of the Committee was highly rated overall as was the management of meetings and the quality of information received. The review stressed the need to continue to focus on diversity when considering the structure, size and composition of the Board and its Committees, and the Committee will continue to develop succession planning at Board and senior management level. The evaluation concluded that the Committee operates effectively.

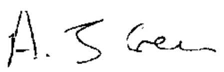
DIVERSITY STATEMENT

As a business, we are committed to maintaining a diverse workforce at all levels across the Company, and more information on how we do this, including a description of the policies relating to diversity and how they have been implemented, can be found in the Corporate Social Responsibility section on pages 64 and 65.

At the year-end, and following the departure of Sam Tymms from the Board in March 2019, the Board had a 30% female representation. IG has an aspirational target to increase this to one-third by 2020, as recommended by the Hampton-Alexander Review on women in leadership positions.

The Directors recognise the importance of diversity, in all of its forms, on the Board and understand the significant benefits that come with having a diverse Board. The Board believes that diversity is a wider issue than gender and includes variations in experience, skills, personal attributes and background.

The Board will continue to appoint on merit, based on the skills and experience required for membership of the Board, while giving consideration to all forms of diversity when the Committee reviews the Board's composition. For appointments to the Board, IG uses executive search firms who have signed up to the voluntary code of conduct setting out the key principles of best practice in the recruitment process. These principles include a recommendation that search firms should consider gender diversity, and IG insists on having both male and female candidates when drawing up longlists and shortlists of candidates.



Andy Green, Chairman of the Nomination Committee
23 July 2019

DIRECTORS' REMUNERATION REPORT AND POLICY

MALCOLM LE MAY

CHAIRMAN

Malcolm Le May, Chairman of the Remuneration Committee, gives his review of the Committee's activities during the financial year.

The Committee has this year focused on preparing the groundwork for a review of the remuneration and reward structure at Board level, in light of changes in the corporate governance landscape.

MALCOLM LE MAY

[illegible]

CHAIRMAN'S OVERVIEW

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year to 31 May 2019. This report provides a summary of our Directors' Remuneration Policy which was approved by shareholders at the 2017 AGM, details of remuneration arrangements in respect of the year to 31 May 2019 and a summary of how we intend to apply the Policy during the year to 31 May 2020.

CONTENTS	PAGE

MEMBERSHIP AND ATTENDANCE OF REMUNERATION COMMITTEE

The Remuneration Committee is composed of three independent Non-Executive Directors and the Chairman who was independent on appointment. The current members of the Committee are set out below, together with their attendance at meetings:

COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Malcolm Le May[1]	8	7
Andy Green	8	8
Stephen Hill	8	8
Jim Newman	8	8
Sally-Ann Hibberd[2]	6	6
Jonathan Moulds[2]	6	6

(1) Malcolm Le May did not attend one meeting [illegible] the relevant meeting.
(2) Sally-Ann Hibberd and Jonathan Moulds [illegible] September 2018 and attended all Committee meetings following their date of appointment.

The Chief Executive Officer and Chief Financial Officer attend the Committee meetings by invitation. The Chairman and Executive Directors do not attend or take part when matters relating to their own [illegible] are discussed. The Chief People Officer and representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration. The Company Secretary is secretary to the Committee.

Following each Committee meeting, a formal report is made to the Board in which the Chairman of the Committee describes the proceedings of the Committee meeting and makes recommendations to the Board as appropriate.

COMPANY OVERVIEW STRATEGIC REPORT GOVERNANCE REPORT FINANCIAL STATEMENTS SHAREHOLDER AND CO. INFO

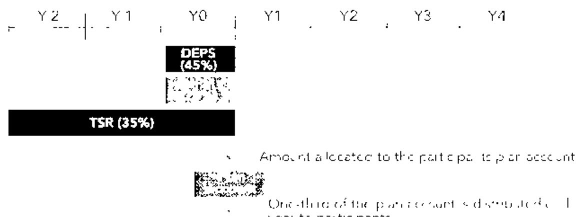
DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

The financial year to 31 May 2019 has been a year of change for the Group. This sector had come under significant regulatory scrutiny in recent years, and over the last 12 months we have seen the regulatory landscape, particularly in Europe, stabilise. Our performance was impacted by the imposition of ESMA product intervention measures, and despite increasing client numbers our revenue performance is down year on year, reflecting these restrictions and lower levels of market volatility. June Felix joined the Board as CEO in October 2018 following the departure of Peter Hetherington in September 2018, and in May 2019 the Group announced its new strategy focusing on four growth levers.

APPROACH TO REMUNERATION FOR 2019/20

At IG, Executive Directors only participate in one incentive plan – the Sustained Performance Plan (the 'SPP'). Under the SPP participants may receive 'plan contributions' in the form of shares to their 'plan account' each year depending on performance. These contributions are based on diluted earnings per share ('DEPS') performance and the delivery against non-financial measures ('NFM') for the preceding financial year, and Total Shareholder Return (TSR) performance over the preceding three financial years. One third of the shares in the plan account are released each year, with the balance being deferred to future years

The operation of the SPP is illustrated below.



The SPP will continue to operate unchanged in line with our approved Policy for 2019/20. During the year, the Committee will, however, be undertaking a thorough review of Remuneration Policy in advance of submitting a new policy to shareholders at the 2020 AGM. This review will focus on the following areas:

- Ensuring that the remuneration and reward structure, including relevant performance measures, are consistent with and encourage the delivery of our strategy
- Whether the SPP continues to remain an appropriate incentive plan as our strategy evolves

  The changes to the UK Corporate Governance Code, in particular share awards being subject to a total vesting and holding period of five years or more, and post-employment shareholding guidelines applying for executive directors
- Whether to increase the minimum shareholding requirements under the Executive Directors share ownership policy

Our existing Remuneration Policy already complies with the 2018 Code in many areas. The pension and benefits allowance for Executive Directors appointed during 2018 was set at 12% of base salary, which is in line with the pension and benefits opportunity available for the wider workforce. Our policy includes provisions which allow for the exercise of discretion, and malus and clawback, to be applied in certain circumstances.

The Committee plans to consult with shareholders regarding the outcome of the review early in 2020.

As noted above, June Felix was appointed as CEO on 30 October 2018. Her salary was set at £600,000 per annum. She is entitled to an annual SPP award of 500% of base salary and she receives a flexible pension and benefits allowance of 12% of base salary. No buy-outs were awarded to Ms Felix. It was agreed by Remuneration Committee that relocation costs (including any applicable tax costs) of up to £85,000 incurred in her first year of her appointment would be met.

Salaries for Executive Directors were not increased with effect from 1 June 2019, in line with the approach for other senior executives in the business. For 2019/20 the non financial measures used for the SPP have been simplified to ensure that they focus on our core priorities following the announcement of the new strategy. Goals have been set in three areas: strategic delivery, operational effectiveness, and culture, conduct and people. There are no other changes planned to the operation of remuneration for 2019/20.

INCENTIVE OUTCOMES FOR 2018/19

As in prior years, the 2019 SPP award is based on three metrics: DEPS (45%), relative TSR (35%) and non-financial measures (20%). DEPS performance for the 2019 financial year was below threshold and our TSR over the period 1 June 2016 to 31 May 2019 was below median compared to the FTSE 350 (excluding investment trusts), and therefore no portion of these elements was awarded.

During the year operational performance was very strong, highlights including outstanding systems uptime and reliability, good relationships with the regulators, significantly improved employee engagement, performance management implementation and scores on our culture as well as reduced voluntary attrition. In addition, we also met a number of significant strategic milestones during the year including the launch of IG Europe GmbH and our retail foreign exchange dealer (RFED) in the US.

In light of this progress during the year, which the Board believes helps to position the Group strongly to execute the strategy and deliver future sustained value creation for shareholders, the Committee determined that a payout of 93.2% of this portion of the SPP should be awarded. The total SPP award in respect of 2019 is therefore 18.64% of maximum. Whilst it recognised that financial performance has been challenging, the Committee considered that the operational and strategic progress supported this level of payout.

LEAVING ARRANGEMENTS FOR PETER HETHERINGTON

Peter Hetherington stepped down from the Board and as CEO on 26 September 2018. Mr Hetherington continued to be employed by the Company until 31 May 2019 to ensure a smooth transition to his successor. During this period Mr Hetherington continued to receive his normal salary and benefits and remained eligible for an SPP award in respect of 2019. Following his termination, Mr Hetherington received a payment in lieu of his remaining notice, payable in monthly instalments. Mr Hetherington was treated as a good leaver for the purpose of the SPP. Further details of Mr Hetherington's leaving arrangements are provided on page 108.

CONCLUSION

I look forward to receiving your support for the Directors' Remuneration Report at the AGM on 19 September 2019.

Malcolm Le May, Chairman of the Remuneration Committee
23 July 2019

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) and the UKLA's Listed Rules. This report will be subject to an advisory shareholder vote at the AGM on 19 September 2019.

SUMMARY OF DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy sets out the framework, principles and structures that guide the Remuneration Committee's decision-making process in relation to Directors' remuneration. The current Directors' Remuneration Policy was approved by over 96% of shareholders who voted at the 2017 Annual General Meeting.

A summary of this Policy is provided below and the full Policy can be found on pages 64-72 of the 2017 Annual Report and Accounts.

OBJECTIVES OF THE DIRECTORS' REMUNERATION POLICY

The Group's Directors' Remuneration Policy has been designed to incentivise executives to deliver long-term sustainable success for our shareholders and other stakeholders, without encouraging excessive risk-taking, and to recognise and reward excellent performance achieved. The policy is set to ensure that remuneration has the ability to attract and retain senior executives of a high calibre while being consistent with regulatory and corporate governance requirements.

The total remuneration package is structured so that a significant proportion is linked to performance conditions and delivered in shares to ensure on-going alignment with shareholder interests.

The table following summarises each element of the Remuneration Policy for the Executive Directors, and provides an overview of how Remuneration Policy will be implemented for 2019/20.

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS	IMPLEMENTATION FOR 2019/20
Base salary				
Provides a sound basis on which to recruit and retain key employees of appropriate calibre to deliver the strategic objectives of the Company	Base salaries are normally reviewed by the Committee annually, and are usually fixed for 12 months commencing 1 June. Any salary increase may be influenced by: – Scale, scope and responsibility of the role – Experience of the individual and his or her performance – Average change in wider workforce pay – Business performance and prevailing market conditions – Commercial need – Periodic benchmarking of similar roles at comparable companies selected on the basis of comparable size, complexity, geographic spread and business focus	The general policy is to pay around mid-market levels, with annual increases typically in line with the wider workforce. Increases beyond the percentage increases granted to the wider workforce may be awarded in exceptional circumstances, such as: – Where there is a change in the individual's responsibility – Where the salary set at initial appointment was below the level expected once the individual gains further experience and a track record of performance in the role An above-market positioning may be appropriate in exceptional circumstances, to reflect the criticality of the role and the individual's experience and performance.	No performance metrics apply to base salary	The Remuneration Committee agreed that salaries for Executive Directors will not be increased this year. Salaries from 1 June 2019 are therefore: – Chief Executive Officer – £600,000 (0% increase) – Chief Financial Officer – £411,000 (0% increase) – Chief Commercial Officer – £370,000 (0% increase) – Chief Information Officer – £370,000 (0% increase)
Pensions and benefits				
Competitive, cost-effective flexible pension benefits allowance to help recruit and retain Executive Directors	Executive Directors are eligible to participate in the Company's flexible pension and benefits plan, from which the executive can receive a range of benefits, Company pension contribution or cash allowance. Relocation and related benefits may be offered where a Director is required to relocate.	Executive Directors receive a flexible pension and benefits allowance. For Executive Directors hired from 1 June 2018, the allowance was limited to 12% of salary which is in line with the wider workforce. For Executive Directors [illegible] salary.	No performance metrics apply to pensions and benefits.	Pension and benefits allowances for Executive Directors are unchanged for 2019/20 and are as follows: – Chief Executive Officer – 12% of salary – Chief Financial Officer – 1[illegible] of salary – Chief Commercial Officer – 12[illegible] of salary – Chief Information Officer – 12[illegible] of salary

PURPOSE AND LINK TO STRATEGY	*OPERATION*	*OPPORTUNITY*	PERFORMANCE METRICS	IMPLEMENTATION FOR 2019/20
All-employee share schemes				
All employees, including Executive Directors, are encouraged to become shareholders through the operation of an HMRC-approved Share Incentive Plan (SIP) and/or such other all-employee share plans as the Company may adopt in the future.	The SIP is a flexible, tax-efficient, all-employee plan. Partnership, free, dividend and matching shares may be granted under the SIP. If other HMRC approved all-employee plans are introduced, they will operate in accordance with HMRC guidance and limits. Similar non-UK plans may be operated to enable non-UK employees and Directors to participate.	HMRC or non-UK plan equivalent limits will apply to any all-employee schemes that may be introduced. This currently constitutes a small proportion of Executive Directors' total remuneration.	No performance metrics apply to all-employee share schemes.	No changes
Share ownership policy				
This aligns the interests of management and shareholders and promotes a long-term approach to performance and risk management.	The Chief Executive Officer is expected to build shareholding of at least 200% of base salary. Other Executive Directors are expected to build a shareholding of at least 150% of base salary. Only vested shares forming part of the Director's share interests, and shares purchased by the Director out of their own funds are included in the guideline. Unless there are exceptional circumstances approved by the Committee, these guidelines are expected to be achieved within five years from the date of appointment. The Committee will review progress annually, with an expectation that Executive Directors will make progress towards achieving the shareholding policy each year.			No changes

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS	IMPLEMENTATION FOR 2019/20
Sustained Performance Plan (SPP)				
The SPP provides a single incentive plan for Executive Directors rather than having separate annual and long-term plans. It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Company's strategic objectives. The SPP encapsulates traditional annual bonus and long-term incentive plans. It is entirely share-based, encouraging executives to build up a substantial stake in the Company, thereby aligning the interests of management with shareholders.	The SPP operates by reference to 'plan years'. The first plan year was the financial year which ended 31 May 2014. Awards of shares (either in the form of par value options, nil cost options or conditional awards), known as 'plan contributions' are made after the announcement of results relating to each plan year. Plan contributions are granted by reference to achievement against applicable performance targets and accumulate within a participant's 'plan account'. Each year, one third of the accumulated balance in the plan account is released to participants (ie options or awards are released to participants). A participant's plan account therefore comprises the sum of the plan contribution (if any) being made in relation to the relevant plan year, plus the accumulated awards registered in the plan account from previous plan years. If the SPP is terminated early, or reaches its tenth anniversary, unvested awards remaining in the plan account will vest in three final tranches of 50%, 25% and 25% on the first, second and third anniversaries of the SPP's closure. The same principles will apply on a later termination of the plan. Participants may receive a payment at the time of delivery of vested shares of an amount equivalent to the dividends that would have been paid on those shares while held in the plan account [illegible] The Committee [illegible] clawback. This may [illegible] has been a material misstatement [illegible] Company's financial results [illegible] assessing any applicable performance condition. It may also be [illegible] there has been [illegible] [illegible] satisfied by a reduction in the amount of any subsisting plan account, a reduction in the vesting of any subsisting vested awards or future share awards and/or a requirement to make cash payment.	The maximum plan contribution in respect of a plan year is an award of shares with a market value of: - 500% of salary for the Chief Executive Officer - 400% of salary for other Executive Directors	The level of plan contribution is dependent on performance against the targets set by the Committee for each relevant financial year. Where possible, a sliding scale of targets will be set. For the DEPS and relative TSR measures, no more than 25% will be payable for achieving threshold performance, rising to full pay-out for achieving a more challenging target. The scorecard of financial, share price and non-financial metrics may vary from year to year in accordance with strategic priorities and the regulatory environment. The Committee retains the discretion to scale back the level of award in relation to any TSR element if it feels the Company's underlying financial performance does not warrant the level of award resulting from TSR performance alone. At the time of determining the contribution for the final year of the plan, in the event that the Committee feels the Company's underlying financial performance since the plan's adoption has not been satisfactory, the Committee may scale back the final balance of the plan account. The Committee has not currently decided to scale back any plan account balances.	For 2019/20 the maximum plan contribution will continue to be 500% of salary for the Chief Executive Officer and 400% of salary for other directors. For 2019/20 the level of plan contribution will be based: - 45% on diluted earnings per share performance - 35% on relative total shareholder return compared to the FTSE 350 (excluding investment trusts) - 20% on non-financial measures Performance for DEPS and non-financial measures will be assessed over the financial year to 31 May 2020. TSR performance will be assessed over the three year period from 1 June 2017 to 31 May 2020. DEPS targets and non-financial measures are considered to be commercially sensitive and therefore have not been disclosed at this time. [illegible] [illegible]

FURTHER DETAILS ON PERFORMANCE MEASURES

The performance measures that are used in the Sustained Performance Plan (SPP) are a subset of the Company's Key Performance Indicators (KPIs)

METRIC	RATIONALE AND LINK TO THE STRATEGIC KPIS	FURTHER DETAILS
Total Shareholder Return (TSR) relative to the FTSE 350 (excluding investment trusts) (35% weighting)	TSR measures the total return to IG Group's shareholders, both through share price growth and dividends paid, and as such it is aligned to shareholder interests TSR is influenced by how well IG Group performs on a range of other metrics, including financial indicators such as revenue, profit, cash generation and dividends, and non-financial indicators such as client satisfaction and operational performance. TSR is assessed against the FTSE 350 excluding investment trusts as this is a broad market index of which IG Group is a constituent	TSR will be assessed over the period 1 June 2017 to 31 May 2020 25% of this portion will be awarded for median performance with 100% of this portion being awarded for upper quartile performance (straight-line assessment in between).
Diluted earnings per share (DEPS) (45% weighting)	DEPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control	DEPS targets will be assessed based on performance for the year ending 31 May 2020 The Committee has set DEPS taking into account relevant factors including Board-approved budget, market consensus expectations and historical targets. Pay-outs start to accrue for reaching threshold levels of performance with 100% of this portion being awarded for the achievement of maximum performance

Non-financial delivery metrics (20% weighting)

The non-financial metrics are specifically designed to measure factors important to the IG Group in continuing to operate on a profitable and sustainable basis for the long term. Our approach for 2019/20 has been simplified to ensure these metrics focus on our core priorities following the announcement of the new strategy. They are grouped into four categories: client experience, strategic delivery, operational effectiveness, and culture, conduct and people.

When assessing the non-financial metrics the Committee deliberately separates the assessment from any review of financial performance, viewing them both as important, but recognising they are assessed and rewarded separately to ensure management are incentivised to deliver in-year non-financial milestones which are important to delivering profit and shareholder value in the future

Client experience	Providing clients with a compelling, rewarding and engaging experience is central to IG's ability to attract and retain clients [illegible]	Performance against these measures will be assessed over the financial year ending 31 May 2020 [illegible] targets and [illegible] [illegible]
Strategic [illegible]	[illegible] Group's strategic [illegible] future financial performance and growth [illegible] targets [illegible] significant opportunities, with clear owners for each target. The targets reflect key deliverables or milestones for the financial year which will position IG for growth [illegible]	[illegible] has been [illegible] markets [illegible] [illegible] delivery of [illegible] UX is a [illegible] Performance against these targets will be assessed by the Remuneration Committee based on [illegible] delivery over the financial year ending 31 May 2020
Operational effectiveness	The Committee considered it important that [illegible] operational KPIs, to ensure the Group's ability to deliver future sustained shareholder value [illegible] items such as system [illegible] resilience to cyber attacks and attainment [illegible] standards This category also incorporates the delivery of operational improvements and internal systems which will improve IG's effectiveness, efficiency and controls	Performance against these measures will be assessed over [illegible] 2020 [illegible] the Committee assesses performance [illegible] targets and [illegible] [illegible] 12 [illegible] assessed against pre-agreed [illegible] performance over preceding years and [illegible] performance of firms within the sector

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

METRIC	RATIONALE AND LINK TO THE STRATEGIC KPIS	FURTHER DETAILS
Culture, conduct and people	IG believes having a strong, compliant culture which embodies IG's values and excellent conduct is an important differentiator and helps to contribute to business success and risk management. Having appropriate talent available and engaged is a prerequisite for successful delivery of IG's strategy	Performance against these measures will be assessed over the financial year ending 31 May 2020. The Committee assesses performance based on the outcome of annual engagement and culture surveys, which are administered by a third party, and IG's performance against the Board approved conduct risk key risk indicators (KRIs)

REMUNERATION POLICY ACROSS THE GROUP

In determining the Remuneration Policy, the Executive Directors, senior management and the Committee takes into account workforce remuneration and related policies, and the alignment of incentives and rewards with culture. The Committee is kept updated through the year on general employment conditions, basic salary increase budgets, the level of bonus pools and pay-outs and participation in share plans.

The Committee is therefore aware of how total remuneration at the Executive Director level compares to the total remuneration of the general population of employees. Common approaches to Remuneration Policy which apply across the Company include:

- Consistency in 'pay for performance', with annual bonus schemes being offered to the majority of employees
- Offering pension, medical, life assurance and other flexible benefits for all employees, where practical, given geographical location
- *Ensuring that salary increases for each category of employee are considered, taking into account the overall rate of* increase across the Company, benchmarking, and both Company and individual performance
- Encouraging broad-based share ownership through the use of all-employee share plans, where practical

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Executive Directors are employed under a service contract with IG Group Limited (a wholly owned intermediate holding company) for the benefit of the Company and the Group.

The dates on which service contracts are entered into and notice periods are as follows:

June Felix – 30 October 2018 (12 months' notice from either party)

Paul Mainwaring - 7 July 2016 (12 months' notice from either party)

Jon Noble - 22 May 2018 (six months' notice from either party)

Bridget Messer – 22 May 2018 (six months' notice from either party)

On a Director's departure, the Company may, at its sole discretion, pay base salary and the value of any benefits (including pension) that would have been receivable in lieu of any unexpired period of notice.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The table below summarises each element of the Remuneration Policy applicable to the Chairman and the Non-Executive Directors

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS	IMPLEMENTATION FOR 2019/20
To attract and retain Non Executive Directors of appropriate calibre and experience	The Remuneration Committee determines the fee for the Chairman (without the Chairman present) The Board is responsible for setting Non-Executive Directors' fees. The Non-Executive *Directors are not involved in* any discussions or decisions by the Board about their own remuneration Fees are within the limits set by the Articles of Association and take account of the commitment and responsibilities of the relevant role	The Chairman receives a single fee to cover all his Board duties Non-Executive Directors receive a fee for carrying out their duties. They may receive additional fees if they chair a *primary Board Committee*, and for holding the post of Senior Independent Director. Additional fees may be paid for additional time commitments in exceptional circumstances Committee membership fees may be paid. Details of current fee levels are set out in the Annual Report on Remuneration	No performance metrics apply.	The Board reviewed Non-Executive Director fees and agreed that no changes would be made for 2019/20. Fees from 1 June 2019 are therefore as follows. Non-Executive Director Base fee – £65,000 – Committee chairs (other than the Nominations Committee) – £25,000 – Senior Independent Director – £10,000 – Committee membership fees (excluding the Nomination Committee and the Group Board Chairman) – £5,000 The fees for the current Chairman remain unchanged at £300,000 per annum.

Non-Executive Directors do not have service contracts; they are engaged by letters of appointment. Each Non-Executive Director is appointed for an initial term of three years subject to re-election, but the appointment can be terminated on three months' notice. Non-Executive Directors may receive reimbursement for business expenses incurred in the course of their duties, including tax thereon if applicable.

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

ANNUAL REPORT ON REMUNERATION

This part of the report includes a summary of how we implemented the policy in the financial year ended 31 May 2019

The parts of the report that are subject to audit have been marked.

IMPLEMENTATION OF REMUNERATION POLICY IN THE FINANCIAL YEAR ENDING 31 MAY 2019 (AUDITED)

Total Single Figure of Remuneration – Executive Directors

					Contribution to SPP plan account[5]			
Name of Director	Year	Fees/basic salary £000	Benefits allowance/ Benefits[4] £000	Pension	Vested element £000	Deferred element £000	Total £000	Total £000
J Felix[1]	2019	377	76	–	109	218	327	780
	2018	65	–		–	–	–	65
P Mainwaring	2019	411	70	–	102	204	306	787
	2018	400	68	-	427	854	1,281	1,749
J Noble[2]	2019	370	35	10	92	184	276	691
	2018	–	–	–	–	–	–	–
B Messer[2]	2019	370	35	10	92	184	276	691
	2018	–	-	–	–	–	–	–
Former Directors								
P G Hetherington[3]	2019	192	34		95	367	551	777
	2018	575	98		767	1,534	2,301	2,974

(1) J Felix was a non-executive director of the Company until her appointment as CEO on 30 October 2018. During 2018/19 she received £23,000 in relation to her role as non-executive director which is included in fees/base salary above.

(2) J Noble and B Messer joined the Board on 1 June 2018.

(3) P G Hetherington stepped down from the Board on 26 September 2018. Salary, benefits and allowances are shown to this date. The full value of his SPP contribution in respect of 2019 is shown.

(4) Benefits can include critical illness cover, dental cover, health assessments, income protection cover, life assurance and private medical cover. It was agreed by the Remuneration Committee that relocation costs (including any applicable tax costs) of up to £85k would be met for J Felix in respect of her first year of appointment as CEO. Costs for FY19 were £76,100. J Felix, J Noble and B Messer receive a flexible benefits and pension allowance of 12% of base salary less any benefits taken. P Mainwaring receives a flexible benefits and pension allowance of 17% of base salary. Executives have the option to receive part, or all, of their pension entitlement in cash.

(5) Figures provided are the cash values of the SPP contributions in respect of performance for the periods ending 31 May 2019 and 31 May 2018 (i.e. plan years 6 and 5). The vested element is the proportion of the plan year's [illegible] that vests shortly following the end of the financial year (one third of the total). The deferred element is the proportion that remains deferred in the plan account (two thirds of the total) which are released in future years. Details of SPP awards held in the plan accounts are provided in the Other Share Awards Outstanding table on page 107.

TOTAL SINGLE FIGURE OF REMUNERATION – NON-EXECUTIVE DIRECTORS (AUDITED)

Name of Director	Year	Fees £000	Benefits £000	Total £000
A Green	2019	300	–	300
	2018	255	–	255
S G Hill	2019	71	22	93
	2018	65	11	76
J Newman	2019	96	–	96
	2018	80	–	80
M Le May	2019	103	–	103
	2018	90	1	91
S A Hibberd[1]	2019	45	–	45
	2018	–	–	–
J Moulds[1]	2019	51	–	51
	2018	–	–	–
Former directors				
S J Tymms[2]	2019	75	3	78
	2018	80	5	85

(1) S A Hibberd and J Moulds joined the Board on 20 September 2018. Remuneration is shown from this date.
(2) S J Tymms stepped down from the Board on 20 March 2019. Remuneration is shown to this date.
(3) Other than in respect for the Chairman, basic Non-Executive Director fees were £63,000 per annum with an additional £25,000 paid for chairing a Board Committee (other than the Nomination Committee) and £10,000 for the Senior Independent Director and £3,000 for membership of a committee (excluding the Nomination Committee).
(4) Certain Non-Executive Directors' expenses relating to the performance of a Director's duties, such as travel to and from Company meetings and related accommodation have been classified as taxable benefits. In such cases, the Company will ensure that the Director is kept whole by settling the expense and any related tax. The figures shown include the cost of the taxable benefit plus the related personal tax charge.

SUSTAINED PERFORMANCE PLAN (SPP) (AUDITED)

Determination of SPP contribution for the financial year ending 31 May 2019

Performance targets for plan year 6 (financial year ending 31 May 2019) comprised diluted earnings per share (DEPS) targets, Total Shareholder Return (TSR) and non-financial measures. TSR performance was measured over the three-year period from 1 June 2016 to 31 May 2019 and DLPS and non-financial measures over the financial year ending 31 May 2019.

Performance measure	Weighting	[illegible]	Maximum (100% vesting)	Actual performance	Percentage of maximum awarded
DEPS	45%	44.2 pence	54.0 pence	42.6 pence (0% awarded)	0%
TSR	35%	Median ranking	Upper quartile ranking	211 of 271 companies (0% awarded)	0%
Non-financial	20%	0%	100%	93.2% awarded	18.64%
Total	100%				18.64%

The maximum award for the CEO role is 500% of basic salary with all other Executive Directors being eligible for a maximum award of 400% of basic salary. The award to June Felix was pro-rated to take account of the period of her employment during the year.

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

PERFORMANCE MEASURES – HOW THESE ARE SET AND REVIEW OF PERFORMANCE FOR THE YEAR ENDED 31 MAY 2019

Diluted earnings per share (45% weighting)
At the start of the financial year, the Committee established a DEPS range in order to measure the performance and determine the payouts under the SPP. In doing this, the Committee took into account a number of relevant factors, including Board-approved budget, market consensus expectations and historical targets.

Financial performance for the year to 31 May 2019 was significantly impacted by the lower volatility in the market which was *not anticipated when the targets were set. The Committee considered whether it would be appropriate to amend the DEPS* targets in light of the significant change in the external environment since the time the targets were set. However, following careful debate, the Committee concluded that changing the targets would not be appropriate as it would not align with the shareholder experience over the period.

The stretching DEPS targets were not met and therefore no portion of this element will be awarded.

Total Shareholder Return (35% weighting)
TSR performance is assessed against the FTSE 350 (excluding Investment Trusts). 25% of this element is awarded for median performance with the full portion being awarded for upper quartile performance or above with straight-line vesting in between.

For the award to be granted in respect of the year to 31 May 2019, TSR was measured over the three-year period from 1 June 2016 to 31 May 2019. Actual TSR performance for the Group for the three-year period was -19.6% (2018: 27.1%) TSR was positioned below median of the comparator group and therefore no portion of this element will be awarded.

Actual TSR performance for the Group over the period was -7%. TSR was positioned below median of the comparator group and therefore no portion of this element will be awarded.

Non-financial measures (20% weighting)
The Committee approved a series of non-financial measures comprising strategic delivery, operational effectiveness, and *culture, conduct and people strategic goals as well as operational and client satisfaction measures, indicative of the* performance during the year ended 31 May 2019. These measures are also used for determining a portion of the staff general bonus pool.

An average of the performance under the specific operational measures combined with performance under the strategic delivery measures resulted in an overall assessment of 93.2% (2017: 85.9%) of the potential payout under this element. The Committee carefully considered this outcome in the context of the performance against financial metrics. Whilst it recognised that financial performance has been challenging, the Committee concluded that exceptional progress has been achieved against the non-financial measures set at the start of the year.

Performance highlights include outstanding systems uptime and reliability, improved relationships with the regulators, significantly improved employee engagement, performance management implementation and scores on our culture as well as reduced voluntary attrition. In addition, we also met a number of significant strategic milestones during the year including the launch of IG Europe GmbH and IG's retail foreign exchange dealer (RFED) in the US. In light of this excellent progress, which the Board believes helps to position the Group strongly to execute the strategy and deliver future sustained value creation for shareholders, the Committee agreed that the outcome was appropriate.

The table over the page provides details of the individual measures considered and their performance assessment for the year ended 31 May 2019.

COMPONENT	DETAIL	FY19 OUTCOME
System uptime and reliability	The primary measures used to assess the performance against this metric and the parameters IG strives to achieve are: Core dealing availability per month – minimum 99.8%. Maximum percentage downtime in any one day – maximum 4.0%. IG achieved 99.99% rolling cumulative 12 month uptime and experienced four outages totalling 38 minutes over the financial year. This compares to a record 99.96% rolling cumulative 12-month uptime in the 2018 financial year with a total outage time of 86 minutes.	95.0% (FY18: 95.0%)
Maintaining good standings with regulators	This metric is included within the non-financial measures as IG operates in a regulated industry and failure to maintain good standings with IG's regulators could materially impact IG's ability to operate in existing jurisdictions, expand into new geographies and ultimately IG's financial performance. Over the prior two years IG has scored 60% on this metric, which is significantly below the historic average for this measure. However, the regulatory landscape has become more certain over the last 12 months providing increased regulatory certainty and IG does not expect significant further changes within the EU. While the measures have impacted IG's business, IG has strong working relationships with its regulators globally and has continued to have positive interactions across all regions during the year; this has included receiving regulatory authorisation for the US RFED. In the EU, IG continues to engage proactively and positively with the FCA, and IG Europe GmbH and Spectrum GmbH have received regulatory approval from BaFin.	90.0% (FY18: 60.0%)
Customer satisfaction	The Remuneration Committee uses a number of indicators to measure performance against this metric. In the 2018 financial year, IG scored 95% based on improved measures of client satisfaction. In the 2019 financial year client service has remained a key strength and focus of IG, as reflected in IG's strategic choices. In determining a score the Remuneration Committee has reviewed client satisfaction data for IG and other firms in the sector, as well as performance against internal targets. IG sets challenging internal targets, designed to ensure IG responds promptly to client queries. IG's client service teams performed strongly against these challenging targets. IG also achieved high client satisfaction with [illegible] 90% of clients rating IG positively. This is higher than the industry average and IG is one of the top three brokers for client satisfaction across the markets we monitor.	95.0% (FY18: 95.0%)
Reputation and PR	In the past year IG has continued to engage proactively with media globally in order to provide commentary and context, showcase expertise and build trust. This has included coverage of key events for IG during the year, as well as a continued presence for IG's analysts in the media. [illegible]	95.0% (FY18: 95.0%)
Risk management	[illegible]	[illegible]
People	This measure is assessed against [illegible] employee engagement, success on planning performance [illegible] Voluntary attrition [illegible] Employee engagement [illegible] Engagement [illegible] IG's management rising 7%. This is a very significant change and [illegible] exceptional performance. Succession [illegible] progressed [illegible] mentoring programme. IG exceeded the preset target for the [illegible] that were successfully completed. The [illegible] increase in the financial year, exceeding the target set at the [illegible]	[illegible] (FY18: [illegible])
Strategic delivery measures	As part of the [illegible] strategic plan [illegible] strategic projects provided to the Remuneration Committee [illegible] delivery targets set for delivery in the short to medium term. The Remuneration Committee [illegible] and management's execution and delivery of the key strategic initiatives. [illegible] projects delivered during the year. Examples of [illegible] IG Europe GmbH and the US RFED, completing a relaunch of Nadex and [illegible] including meeting project targets for the implementation of the Senior Managers and Certification Regime, which will apply to IG's UK-regulated entities from 9 December 2019.	[illegible] (FY18: [illegible])

DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

OVERALL SUMMARY

Based on the performance for the financial year ending 31 May 2019, we will grant awards under the SPP at 18.64% of the maximum potential pay out to the Executive Directors after the announcement of the results. The actual number of shares that will be contributed to the Director's plan account will be based on the ten-day average share price immediately prior to grant.

Since its introduction six years ago the average pay-out under the SPP is 52% of the maximum. The Committee considers that the outcomes under the SPP are a fair reflection of performance delivered, and that they are aligned with value achieved for shareholders over this period.

Financial year	2014	2015	2016	2017	2018	2019	6 year average
SPP plan contribution (% maximum):	54%	41%	90%	27%	80%	18.64%	52%

AWARDS GRANTED DURING THE YEAR ENDED 31 MAY 2019 (AUDITED)

The SPP awards granted during the financial year ended 31 May 2019 in respect of performance to 31 May 2018 (plan year 5) are as follows:

	Contribution						
	% of salary	Value of options awarded	Number of options awarded (1)	Number of options in the plan account after plan year 5 contribution (2)	Number of options vested and exercised during the year	Number of options lapsed	Number of options in the plan account at the end of the year
P Mainwaring	320%	£1,280,424	141,780	189,609	63,203	–	126,406
J Noble (3)	218%	£655,335	72,565	191,217	39,551	–	151,666
B Messer (3)	218%	£655,335	72,565	173,706	33,713	–	139,993
Former Directors							
P G Hetherington	400%	£2,300,762	254,762	515,362	171,787	–	343,575

(1) The number of options contributed to the plan account was based on the ten-day average share price immediately post the announcement date of the Group's results for the year ended 31 May 2018 of 903.1 pence per share. Awards were granted in the form of nil cost options and are subject to continued employment. The release of shares is subject to the satisfaction of the underlying financial performance to be tested in the final year of the plan.
(2) In addition to the awards made in respect of plan year 5, this also includes the brought forward number of options in the plan account from prior years 1, 2, 3 and 4 with its respective accrued dividend shares.
(3) SPP awards granted to J Noble and B Messer are based on their roles before appointment to the Board on 1 June 2018.

Full details of performance targets applied to the 2018 SPP awards and the assessment of performance against targets are set on out pages 72 and 73 of the 2018 Directors' Remuneration Report.

Details of the outstanding SPP share awards, using an estimate of the options to be granted in respect of plan year 6 (to performance to 31 May 2019) are set out below:

	Event	Plan account brought forward (number of shares) (1)	Options awarded and dividend equivalents accruing on unvested options after the year-end	Estimated options to be awarded for the year to 31 May 2019 (estimated number of options) (1)	Plan account total number of options (2)	Estimated number of options vesting	Estimated cumulative number of options remaining in the plan account at the end of the year
J Felix (3)	Plan year 6	–	–	59,799	59,799	19,933	39,866
P Mainwaring	Plan year 6	126,406	10,524	56,001	[illegible]	64,310	126,621
J Noble	Plan year 6	151,666	12,626	50,415	214,707	71,569	143,138
B Messer	Plan year 6	139,993	11,654	50,415	202,062	67,354	134,708
Former directors							
P G Hetherington	Plan year 6	343,575	28,603	100,626	472,804	157,601	315,203

(1) Executive Directors and the former CEO will be granted awards in respect of plan year 6 following the announcement of results for the year ended 31 May 2019 on 23 July 2019. The share price used to calculate the number of awards to be granted will be the ten-day average share price to this date. As the actual average share price is not known at the time of signing of the Annual Report, the above number of awards has been estimated using a share price of 547.2 pence, being the share price on 31 May 2019. Share awards have an exercise price of 0.005 pence.
(2) In accordance with the scheme rules 33.3% of the cumulative awards in the plan account (after the contributions in respect of plan year 6) will vest in August 2019 with the vesting of the remaining options deferred. The August 2019 vesting will include additional dividend shares accrued as follows in respect of plan year 1, 2, 3, 4 and 5 awards held in the plan account: P Mainwaring (10,524), J Noble (12,626) and B Messer (11,654) based on reinvestment at the dividend payment date.
(3) Plan year 6 is the first year in which J Felix participates in the SPP following her appointment to the Board on 30 October 2018. [illegible] award to June Felix was pro-rated to take account of the period of her employment during the year.

OTHER SHARE AWARDS OUTSTANDING (AUDITED)

	Award date	Share price at award date	Number as at 31 May 2018	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2019
P G Hetherington							
SIP: matching shares	2 Aug 16	879.50p	408	0	(408)	0	0
SIP: matching shares	1 Aug 17	626.50p	574	0	(574)	0	0
SIP: matching shares	7 Aug 18	894.50p	0	402	(402)	0	0
Total			982	402	(1,384)	0	0

	Award date	Share price at award date	Number as at 31 May 2018	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2019
P Mainwaring							
SIP: matching shares	1 Aug 17	626.50p	572	0	0	0	572
SIP: matching shares	7 Aug 18	894.50p	0	402	0	0	402
Total			572	402	0	0	974

	Award date	Share price at award date	Number as at 31 May 2018	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 2019
J Noble							
SIP: matching shares	2 Aug 16	879.50p	408	0	0	0	408
SIP: matching shares	1 Aug 17	626.50p	574	0	0	0	574
Total			982	0	0	0	982

TABLE OF DIRECTORS' SHARE INTERESTS (AUDITED)

	Legally owned[1]		SIP	SIP awards		Total	[illegible] salary held under [illegible] policy
	31 May 2018	31 May 2019		Awards held [illegible]	Vested but unexercised	31 May 2019	[illegible]
Executive Directors							
J Felix[3]	–	43,700	–	–	-	43,700	40%
P Mainwaring	53,139	86,900	974	126,406	-	214,280	117%
J Noble[4]	42,774	64,107	982	151,746	–	216,835	94%
B Messer[4]	18,670	36,506	-	139,993		176,499	54%
Former directors							
P G Hetherington[5]	386,495	386,694	-	343,575	-	730,269	355%
Non-Executive Directors							
A Green	6,881	15,055		–	–	15,055	-
S G Hill	13,963	15,946			-	15,946	
M Le May	–		–	-	–	–	
J A Newman	–		–	–	–	–	
S A Hibberd[6]	-	–	-	–	–	–	-
J Moulds[6]		–	-	–	–	-	–
Former directors							
S J Tymmis[7]	-	-	-	–	–	–	–

(1) Calculated as shares owned on 31 May 2019 at the closing market share price of [illegible]p.
(2) This figure excludes awards under the [illegible] May 2019 which will be granted [illegible] 25 July 2019. The awards [illegible] 31 May 2019.
(3) J Felix was appointed to the role of [illegible] October 2018. [illegible] Non-Executive Director of the Company.
(4) J Noble and B Messer joined the Board on 1 June 2018.
(5) P G Hetherington stepped down from the Board on 20 September 2018. His shareholding is shown at this date. At this date and at 31 May 2018 P G Hetherington also held 10,000 preference shares.
(6) SA Hibberd and J Moulds joined the Board on 20 September 2018.
(7) S Tymmis stepped down from the Board on 20 March 2019.
(8) This figure includes partnership shares that are [illegible] Share Incentive Plan (SIP) which are not subject to vesting conditions.
(9) This figure shows the number of matching shares held at 31 May 2019 as part of the Group's SIP which will vest after three years from the respective award date [illegible] as employees remain employed by the Group.

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DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

Under the share ownership policy, the Chief Executive Officer is expected to hold shares to the value of a minimum of 200% of base salary, and other Executive Directors are expected to hold shares with a value of 150% of base salary. Only shares *forming part of the directors' share interests are included in the calculation, which must be achieved within five years of the* date of appointment. J Felix was appointed during the year and has already built a significant shareholding purchased from her own funds.

There have been no changes to any of the directors' share interests in the period since 31 May 2019.

The awards to be made under the Company's SPP in respect of the performance period ending on 31 May 2019 are not included in this table (see page 106 for details).

Leaving arrangements for Peter Hetherington

Mr Hetherington stepped down from the Board and his role of CEO on 26 September 2018. Mr Hetherington continued to work for the business until 31 May 2019 to ensure a smooth transition to the new CEO. During this period he continued to receive his salary, and flexible pension and benefits allowance. Following his termination Mr Hetherington received payments totalling £311,574 in lieu of notice and in settlement of potential claims. The portion related to notice was paid in four equal instalments and subject to mitigation. A sum of up to £22,700 (plus VAT) was paid as a contribution in relation to legal services (paid directly to the third-party service providers).

Mr Hetherington remained eligible to participate in the SPP for the year ending 31 May 2019 as he remained with the business for the full financial year. His award under the SPP remained subject to the same performance measures as those outlined above. The Committee determined that 18.64% of the SPP shares in respect of the year to 31 May 2019 should be awarded. Shares with a value of £550,626 will therefore be contributed to Mr Hetherington's plan account on 6 August 2019 in line with the normal operation of the plan.

Mr Hetherington has been treated as a good leaver for the purpose of the SPP. One third of his total plan account will be released on 23 July 2019, one third on 21 July 2020 and one third on 20 July 2021. Under the terms of the Group's Share *Incentive Plan (SIP) Mr Hetherington retained accrued matching shares held for three years or more with any matching shares* held for less than three years lapsing.

To enable IG to continue to benefit from Mr Hetherington's significant experience and deep expertise in the industry, from 26 September 2019 to 25 September 2021, Mr Hetherington will act as a consultant to the Company providing strategic business, advisory and client/customer relationship management advice to the Company. Consultant's fees are expected to be around £600,000 over the two-year period.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

CHANGE IN REMUNERATION OF THE CHIEF EXECUTIVE OFFICER (CEO)

	[illegible]			[illegible]			[illegible]		
	[illegible] (FY19/FY18)	Change (FY18/FY17)	[illegible] (FY17/FY16)	[illegible]	[illegible]	[illegible]	[illegible]	Change (FY18/FY17)	[illegible] (FY17/FY16)
CEO	4.2%	0%	-3.2%	20.2%	0%	0%	-61.8%	195.4%	-63.7%
Group employees	3.2%	-2.1%	8.8%	6.8%	16.2%	14.1%	33.2%	66.8%	-27.6%

(1) [illegible] Felix was appointed as CEO on 30 October 2018 taking over from Peter [illegible] as CEO on 26 September 2018. [illegible]

EXECUTIVE DIRECTORS' OUTSIDE APPOINTMENTS

None of the current Executive Directors hold any outside appointments

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the profit, dividends and overall spend on pay over the past five financial years:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Profit after tax	**158.3**	226.4	169.2	164.3	131.9
Dividends	**159.1**	158.9	118.5	114.9	102.7
Employee remuneration costs	**131.0**	131.6	119.1	113.5	94.3
Average number of employees	**1,780**	1,597	1,522	1,412	1,287

STATEMENT OF SHAREHOLDER VOTING

The Directors' Remuneration Policy was approved at the 2017 AGM. The Directors' Remuneration Report for the financial year ended 31 May 2018 was approved at the 2018 AGM. The following votes were received:

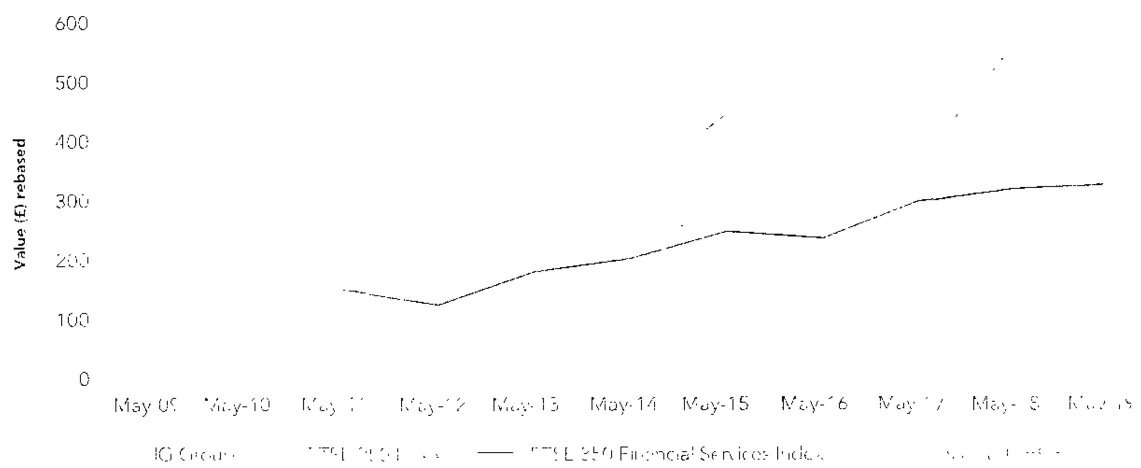
	2017 Remuneration Policy	
	Total number of votes	% of votes cast
For[1]	289,325,839	96.5%
Against	10,631,334	3.5%
Total	299,957,173	100%
Withheld	7,223,131	–

	2018 Annual Report on Remuneration	
	Total number of votes	% of votes cast
For[1]	282,359,113	95.30%
Against	13,935,001	4.70%
Total	296,294,114	
Withheld	5,971	

(1) For includes votes at the Chairman's discretion.

TOTAL SHAREHOLDER RETURN CHART

This graph shows the value, by 31 May 2019, of £100 invested in IG Group on 31 May 2009 compared with the value of £100 invested in the FTSE 250 Index and the FTSE 350 Financial Services Index. As IG Group is a member of both of these indices, the Committee believes it is appropriate to compare the Group's performance against them.



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DIRECTORS' REMUNERATION REPORT AND POLICY CONTINUED

CHIEF EXECUTIVE OFFICER EARNINGS HISTORY

The earnings history of the Chief Executive Officer is shown in the table below:

Financial year	2010	2011	2012	2013	2014	2015	2016[2]	2017	2018	2019[3]
Single figure remuneration (£'000)	1,628	1,141	2,201	1,103	1,970	1,519	2,745	1,452	2,974	1,166
Annual bonus outcome (% maximum)	100%	7%	99%	47%	–	–	–	–	–	–
LTIP vesting outcome (% maximum)	48%	40%	61%	–	–	–	–	–	–	–
VSP vesting outcome (% maximum)	–	–	–	6%	3%	0%	–	–	–	–
SPP plan contribution (% maximum)[1]	–	–	–	–	54%	41%	90%	27.1%	80%	18.64%

(1) The SPP replaced the annual bonus and VSP schemes from the financial year ending 31 May 2014
(2) Includes the base salaries paid to both T A Howkins and P G Hetherington for their respective tenures as CEO during the year, and the SPP awards applying to P G Hetherington in the year
(3) J Felix was appointed as CEO on 30 October 2018, taking over from P G Hetherington who stepped down as CEO on 26 September 2018. The single figure shown is the aggregate amount earned during the year. P Mainwaring performed the role of acting CEO for the period between 26 September 2018 and 30 October 2018 but *received no additional remuneration for this period*

REMUNERATION COMMITTEE'S ROLE

The Committee's principal roles are summarised below:

- Make recommendations to the Board on the Group's senior executive Remuneration Policy
- Determine an overall remuneration package for the Executive Directors in order to attract and retain high-quality Directors capable of achieving the Group's objectives
- Set and agree with the Board a competitive and transparent remuneration framework which is aligned to the Group's strategy and is in the interest of both the Company and its shareholders
- Determine the contractual terms, remuneration and other benefits for the Executive Directors
- Determine and review the Group's Remuneration Policy, ensuring it is consistent with effective risk management across the Group, and consider the implications of this Remuneration Policy for risk and risk management
- Determine and agree the policy for the remuneration of the Board Chairman and the Executive Directors
- Review pay, benefits and employment conditions and the remuneration trends across the Group
- Approve the structure of share-based awards under the Group's employee incentive schemes, to determine each year whether awards will be made and, if awards are made, to monitor their operation, the size of such awards and the performance targets to be used
- Monitor regulatory developments, including those affecting UK-listed companies and financial services firms, to ensure the Company's Remuneration Policy is consistent with these
- Establish the selection criteria, appoint and set the Terms of Reference for any remuneration consultants who advise the Committee

The full Terms of Reference for the Committee can be found on the Group's website, iggroup.com. These were reviewed during the year to ensure they were aligned with the 2018 UK Corporate Governance Code. To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference, is approved by the Committee

ACTIVITY DURING THE FINANCIAL YEAR

During the year, the Committee's key activities included the review of:

- The Director's Remuneration Report published in the 2018 Annual Report and Accounts and the Directors' Remuneration Policy
- Recommending to the Board the leaving arrangements for the former CFO and the remuneration arrangements for the new CEO
- The fee for the *Company Chairman and Executive* Directors' remuneration for the 2020 financial year
- Performance against targets for the 2019 SPP award, the vesting of LTIP awards based on performance in the 2019 financial year and for the determination of the bonus pool
- The remuneration and bonus awards, including for senior management
- Proposed targets for the 2020 financial year Sustained Performance Plan and the Long-Term Incentive Plan
- The performance of the Group's Sales Incentive Plans to gain assurance that their design helps promote good conduct
- *A review of remuneration-related risks,* Remuneration Code Staff and Gender Pay Gap reporting
- Review of Remuneration Committee advisors
- Review of developments in market practice and corporate governance relating to remuneration
- Agree the scope of a review of the Directors Remuneration Policy for the 2021 financial year following shareholder engagement

ADVICE TO THE COMMITTEE

During the financial year ended 31 May 2019, the Committee consulted the Chief Executive Officer about remuneration matters relating to individuals other than themselves. The Chief People Officer and the Employment Tax and Reward Manager provide support to the Committee. The Company Secretary is secretary to the Committee and also provided advice and support as required.

External advisors attend Committee meetings at the invitation of the Chairman.

During the year, the Remuneration Committee undertook a review of their advisors and, following a competitive tender, appointed Deloitte LLP as advisors to the Committee in April 2019. Prior to this the Remuneration Committee was advised by Aon Hewitt (AH; formerly New Bridge Street)

Deloitte's fees for advice provided to the Remuneration Committee during the financial year ending 31 May 2019 were £46,000 (excluding VAT). AH's fees during the same period were £94,000 (excluding VAT). Both firms charge fees on a time and materials basis.

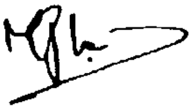
Deloitte and AH are both founding members of the Remuneration Consulting Group and are signatories to its Code of Conduct, which requires its advice to be objective and impartial. During the year Deloitte also provided unrelated advisory services in respect of regulatory and tax advice and Internal Audit services.

It is the view of the Committee that the engagement teams at Deloitte and AH that provided remuneration advice to the Committee during the year do not have connections with IG Group that may impair their independence. The Committee *reviewed the potential for conflicts of interest and judged* that there were appropriate safeguards against such conflicts. The Committee consider that the advice received from the advisors is independent, straightforward, relevant and appropriate and that it has an appropriate level of access to them and has confidence in their advice

COMMITTEE EVALUATION

During the year, the Committee undertook a questionnaire-based review of its own effectiveness. The evaluation process was internally facilitated by the Company Secretary as part of the overall annual Board effectiveness review. Overall, the Committee's performance was rated highly, as was the management of its meetings and the quality of information received. It was agreed that the focus for the 2020 financial year was the review of executive director remuneration and reward structures and the Remuneration Policy, and communicating effectively to shareholders, partly in light of changes to the UK Corporate Governance Code.

This report was approved by the Board of Directors on 23 July 2019 and signed on its behalf by:



Malcolm Le May, Chairman of the Remuneration Committee
23 July 2019

AUDIT COMMITTEE

JIM NEWMAN

CHAIRMAN OF THE AUDIT COMMITTEE

Jim Newman, Chairman of the Audit Committee, gives his review of the Committee's activities during the financial year.

I am pleased to report that this year the Committee has overseen and supported the development of significant improvements in the systems and controls infrastructure.

JIM NEWMAN
CHAIRMAN OF THE AUDIT COMMITTEE

CHAIRMAN'S OVERVIEW

I set out in this report the role of the Committee and how it has discharged its responsibilities during the year. The Committee has continued to work closely with other Board Committees in respect of relevant issues affecting more than one Committee.

I am pleased to report that this year the Committee continued to see improvements in the quality of materials provided and presented. It has overseen and supported the development of significant improvements in the systems and controls infrastructure including the financial control systems infrastructure, processes and systems relating to the management of client money and assets and improvements to access management control systems where there remains work to do.

The Committee has also overseen developments in IG's Corporate Governance environment ahead of the introduction of the Senior Managers and Certification Regime (SMCR) in December 2019.

I can also report that latterly the Committee has seen improvements in the level and quality of materials provided in respect of training on accounting, audit and reporting developments. The Committee also received reports on general developments in Internal Audit Practice and commissioned an external Internal Audit Quality assessment review, the results of which were encouraging.

The Board has agreed amended Terms of Reference (ToR) to reflect changes introduced in the 2018 UK Corporate Governance Code, including widening the scope of responsibilities concerning financial reporting, whistleblowing and management of External Auditors.

We remain mindful of the ongoing review of the Audit Industry by the Competition and Markets Authority (CMA) which is considering, amongst other things, the merits of separating audit and non-audit services, mandatory joint audits and methods of holding Audit Committees to account. We are also aware of the most recent BEIS report into the future of audit which report complements Sir John Kingman's review and Sir Donald Brydon's review on the quality and effectiveness of audit, and we will continue to closely monitor further developments in this regard.

As the current auditor is in their tenth year of engagement and in line with the External Auditor Tender Policy the Committee has commenced an audit tender process which includes the current incumbent.

MEMBERSHIP AND ATTENDANCE

All Audit Committee members are independent Non-Executive Directors who draw on considerable and broad business and financial services experience. Sally-Ann Hibberd joined the Committee on 20 September 2018 following her appointment to the Board. Sam Tymms left the Committee on her resignation from the Board on 20 March 2019.

The Corporate Governance Code requires the inclusion in the Committee of at least one member determined by the Board as having recent and relevant financial experience. The Committee Chairman is considered to fulfil this requirement.

The Chief Financial Officer, Global Head of Internal Audit, Company Secretary and representatives from *PricewaterhouseCoopers LLP (PwC), the External Auditor,* attend the Committee meetings by standing invitation. Members of senior management from various areas of the business attend the Committee meetings by invitation when necessary.

The Committee has four scheduled meetings a year and will additionally meet if and when required. The table below details meetings scheduled and attended during the year.

COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Jim Newman	4	4
Sam Tymms[1]	3	3
Sally-Ann Hibberd[2]	2	2
Malcolm Le May[3]	4	3

The Chairman, Andy Green, was invited to, and attended, all the meetings.

1. Sam Tymms attended each Committee meeting prior to her resignation on 20 March 2019.
2. Sally-Ann Hibberd attended all Committee meetings held following her appointment on 20 September 2018.
3. Malcolm Le May was unable to attend one Committee meeting due to short notice prior commitments.

ROLE OF THE AUDIT COMMITTEE

The principal roles and responsibilities of the Committee are set out in its Terms of Reference, and include, but are not limited to:

- Reviewing the financial statements and announcements relating to the financial performance and governance of the Group
- Reviewing the control environment through several means including via Internal Audit reports, the progress on implementation of audit recommendations and through consideration of a summary of the Internal Audit-generated Control Action List
- Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the overall context of the Group's internal controls and risk management
- *Recommending the appointment of the External Auditors* and reviewing their effectiveness, fees, Terms of Reference and independence
- Monitoring the availability of distributable profits for the purpose of considering dividend payments

The Audit Committee's full Terms of Reference are revised on an annual basis and can be found on the corporate website, iggroup.com.

HOW THE COMMITTEE OPERATES

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference and covering key events in the financial reporting cycle, is approved by the Committee.

The Company Secretary, with input from the Chairman of the Committee, drafts the agenda before each meeting, ensuring that each of the items under the Committee's Terms of Reference and responsibilities are covered at least once in the financial year, and more frequently if required.

Following each Committee meeting, a formal report is made to the Board in which the Chairman of the Audit Committee describes the proceedings of the Committee meeting and makes recommendations to the Board as appropriate.

Members of the Committee also meet separately with the Global Head of Internal Audit and the External Auditors to focus on their respective areas of responsibility and to discuss any [illegible] from the Committee to address any issues arising.

COMPANY OVERVIEW
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AUDIT COMMITTEE CONTINUED

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

Financial reporting

In relation to financial reporting, the primary role of the Committee is to work with management and the External Auditors in reviewing the appropriateness of the half year and annual financial statements. The Committee discharged its responsibilities in this area through focusing on the following, among other matters:

- Assessing the quality and acceptability of accounting policies and practices
- Ensuring disclosures are clear and compliant with financial reporting standards and relevant financial and governance reporting requirements
- Considering material areas in which significant judgements and estimates have been applied or there has been discussion with the External Auditors
- Reviewing announcements and financial statements prior to issuance including preliminary and half-year results announcements and recommending these to the Board for approval
- Reviewing the processes to support the assessment and determination of the Group's principal risks that may have an impact on the Group's solvency and liquidity before recommending and approving the Going Concern and Viability Statement to the Board
- Evaluating on behalf of the Board whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy
- Receiving a paper summarising all statements and assurances required of Directors in the Annual Report and Financial Statements together with evidence to support the Directors' views and required statements
- Overseeing IG's approach to tax management and control
- Reviewing the effectiveness of the financial reporting process and systems

To aid this review process, the Committee has considered reports from the Chief Financial Officer and his team, Internal and External Auditors.

The Committee considered and discussed with management and the External Auditors the primary areas of judgement and disclosure in relation to the financial statements for the year ended 31 May 2019, details of which are set out overleaf.

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
Going concern and long-term viability		
The Directors are required to make a statement in the Annual Report as to the going concern and longer-term viability of the Group	The Committee evaluated various reports from management that set out the view of the Group's going concern and longer term viability. These reports detailed the impact of outcomes of stress tests after applying multiple scenarios to determine how the Group is able to cope with deterioration in liquidity profile or capital position	Taking into account the assessment by management of stress testing results and risk appetite, the Committee agreed to recommend the Going Concern and Viability Statement to the Board for approval
Carrying value of goodwill and other intangible assets		
In accordance with accounting standards the Group is required to review any goodwill balances for impairment and to consider the underlying assumptions used in determining the carrying value of these assets In addition, the Group is required to assess whether there is any indication the other intangible assets may be impaired.	The Committee reviewed a paper from management setting out the key assumptions used in the impairment review of the goodwill balance and an associated sensitivity analysis. The Committee reviewed the impairment review of the DailyFX intangible asset	Based on the assessment performed, the Committee concluded that there should be no change to the recorded carrying value of the goodwill and other intangible assets
Accounting for cryptocurrencies		
The Group has reviewed the way in which it accounts for cryptocurrencies to reflect current practice and guidance. This has resulted in no change in the Group's accounting policy.	The Committee reviewed a paper from management setting out the accounting policy for cryptocurrency assets and related disclosures.	The Audit Committee concluded the accounting policy and proposed disclosures were appropriate.
Impact of new accounting standards		
The Group reviewed the expected impact of new accounting standards on the financial statements to assess their likely impact on reporting	The Committee reviewed the assessment prepared by management detailing the expected impact of the following new accounting standards on the 2019 and 2020 reporting periods IFRS 9 – Financial instruments IFRS 15 – Revenue from contracts with customers IFRS 16 – Leases	Based on management's report, the Committee concluded the expected impact of the new accounting standards had been appropriately evaluated and disclosed and that the Group was prepared for the introduction of the relevant standards
Tax provisions		
Calculating the Group's [illegible] tax charge [illegible] [illegible]	The Committee [illegible] management [illegible] the Group's Tax Risk Management Policy and Tax Strategy	The Committee concluded [illegible] the Group [illegible]

AUDIT COMMITTEE CONTINUED

CONTROL ENVIRONMENT

Other matters addressed by the Committee focused on the effectiveness of the Group's control environment and performance of the Group's IT systems, and the Internal Audit function, including the objectivity and independence of Internal Audit personnel.

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
Risk management and internal control		
The Committee is required to assist the Board in the annual review of the effectiveness of the Group's Risk Management Framework and internal control systems.	The Committee received a report from the Board Risk Committee including an assessment of those risks that might threaten the Group's business model, future performance, solvency or liquidity. It considered and challenged management on the overall effectiveness of the Risk Management Framework and internal control systems. It also received regular reports on the Finance Change programme, which programme has now reverted to business as usual. The Committee received regular reports on a project to further improve controls over Identity Access Management. The Committee reviewed the relevant disclosures within the Accountability section of the Corporate Governance Report within the Annual Report.	The Committee agreed to recommend to the Board the Annual Report statements relating to the effectiveness of the Risk Management Framework and internal control systems.
Internal Audit		
The Committee is required to oversee the performance, resourcing and effectiveness of the Internal Audit function.	The Committee monitored and reviewed the effectiveness of the Group's Internal Audit function in the overall context of the Group's internal controls and risk management systems. It reviewed and assessed the risk-based Internal Audit plan. It reviewed and monitored management's responsiveness to the findings and recommendations of the Internal Audit function. It monitored the consolidated Control Action List, [illegible], reviewing the effectiveness of [illegible]. The Committee received all Internal Audit reports and [illegible] summary reports on the results of the work of the Internal Audit function [illegible]. [illegible] additional Internal Audit [illegible] annual plan, [illegible] Director [illegible] prepared [illegible] for new or changing products [illegible]. It reviewed the performance of the Internal Audit function against the plan and an assessment of the effectiveness of the Internal Audit function. [illegible] external Internal Audit [illegible].	The Committee reviewed the resourcing and effectiveness of the Internal Audit function and approved the risk based audit plan. The Committee supports the work of the Internal Audit function in the areas of advisory and consulting work and predominantly reports to the Board Risk Committee. An External Quality Assessment was completed during the year. The overall conclusion was that Internal Audit is a mature function that is in conformance with the Institute of Internal Auditors' standards and is aligned to the Chartered Institute of Internal Auditors UK Financial Services Code. The Internal Audit function [illegible] effective [illegible]. The function has sufficient resources to deliver the proposed plan. The function continues to be effective [illegible] being [illegible].

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN

Whistleblowing

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
The Committee considers the adequacy of the Group's arrangements by which employees may in confidence raise concerns about improprieties in matters of financial reporting or other matters.	The Committee reviewed the Group's Whistleblowing Policy to ensure that it remained fit for the needs of the Group.	The Committee reviewed the Whistleblowing Policy and decided it remained fit for purpose. The Committee concluded that whistleblowing processes were operating effectively during the period under review. It did however recommend that in due course management report on all areas of workforce related dissatisfaction, whilst noting the encouraging Employee Engagement results.

Client money and assets

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
The Committee has a responsibility for overseeing the Group's systems and controls relating to the holding and management of client money and assets.	The Committee monitored the effectiveness of the control environment relating to client money and assets and received an annual report from the Chief Financial Officer on the operation of the Client Money and Assets Committee.	The Committee reviewed improvements made to the control environment and the steps being taken to further enhance controls at both Group and entity level. The Committee considered that these were appropriate to the circumstances of the Group.

Corporate governance

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
The Committee is responsible for the review of the role of the Control Functions Oversight Committee which itself provides oversight over the risk-based system for the governance, operation and maintenance of the Group's legal entities.	The Committee received updates from the Control Functions Oversight Committee and management to gain comfort that decisions are made and evidenced at the appropriate legal entity level and that appropriate mechanisms are in place for monitoring, control and oversight of legal entity decision-making at Group level. The Committee noted the continued development of appropriate procedures and policies, including those relating to implementation of the Senior Managers and Certification Regime (SMCR) in the UK during 2019.	The Committee was satisfied as to the progress made in improving the overall framework, although recognised that more work was needed in this area. Management have established Governance development workstreams including those relating to Board Governance where, amongst other things, the Board has agreed its approach to the evidencing of stakeholder engagement and workforce engagement partly to meet 2018 UK Corporate Governance Code requirements. Other workstreams include Legal Entity Governance where we are in the process of developing a legal entity governance policy to bring together recent initiatives designed to provide more detailed oversight of the work of our regulated entities from around the globe. Our Business Governance workstream is looking to standardise our management committee terms of reference [illegible] introduction of the SMCR [illegible] preparations for the [illegible] SMCR [illegible] 2019.

AUDIT COMMITTEE CONTINUED

EXTERNAL AUDITOR

The Committee is responsible for making recommendations on the appointment, reappointment and removal of External Auditors, and for assessing and agreeing the fees payable to the Group's External Auditor (both audit and non-audit fees). The Committee is also responsible for reviewing the audit plans and reports from the External Auditors. The main activities undertaken in relation to the external audit are summarised below:

ROLE OF THE COMMITTEE	DISCHARGE OF RESPONSIBILITIES	CONCLUSION/ACTION TAKEN
Oversight of external audit		
The Committee is required to oversee the work and performance of PricewaterhouseCoopers (PwC) as External Auditor, including the maintenance of audit quality during the period	The Committee met with the key members of the PwC audit team to discuss the 2019 audit plan and agree areas of focus It assessed regular reports from PwC on the progress of the 2019 audit and any material issues identified It debated the draft audit opinion ahead of the 2019 year end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgement is needed.	The Committee approved the audit plan and the main areas of focus, including revenue recognition, management override of controls and uncertain tax positions. More on the Committee's role in assessing the performance, effectiveness and independence of the External Auditor and the quality of the external audit can be found on page 119 As the current auditor is in their tenth year of engagement, and in line with the External Auditor Tender Policy, the Committee has commenced an audit tender process which includes the current incumbent.
Audit and audit-related fees		
Audit-related fees include those related to the statutory audit of the Group and its subsidiaries, as well as audits required due to the regulated nature of our business. Also included therein are fees associated with the ISAE 3000 controls opinion relating to the Group's processes and controls over client money segregation	During the year, the Committee reviewed and approved a recommendation from management on the Company's audit and audit related fees	The Committee considers the 2019 audit and audit related fees to be appropriate given the change in complexity of the Group structure.
Non-audit services & fees		
To safeguard the objectivity and independence of the External Auditors from becoming compromised, the Committee has a formal policy governing the engagement of the External Auditors to provide non-audit services. [illegible] The Committee reviewed the Group's policy governing [illegible] against [illegible] statutory audit [illegible] [illegible] Auditor [illegible]	The Committee reviewed and approved all arrangements for non-audit fees. Fees in relation to permitted services below £0.05 million are deemed pre-approved by the Committee and are subject to the approval of the Chief Financial Officer. Fees above £0.05 million must be approved by the Committee, through the Committee Chairman. The Committee ensured that firms other than the External Auditors have been considered [illegible] competitive tender process for the provision of [illegible] services, including tax advice [illegible] changes to regulation, tax compliance [illegible] regulatory advice. The Committee requested and received [illegible] from PwC of its own internal independence process. The Committee ensured there were no exceptions to the [illegible] approval process, per the policy, during the year.	During the year, non-audit fees of £0.2 million were paid to PwC, as discussed in note 4 to the Financial Statements. These principally related to software services. The Committee continues to seek to reduce the [illegible] External Auditors [illegible] The Committee [illegible] non-audit [illegible] the Group. [illegible] Ernst & Young (EY) [illegible]

EFFECTIVENESS OF EXTERNAL AUDITORS

In assessing the effectiveness and independence of the External Auditors, the Committee considered relevant professional and regulatory requirements and the relationship with the External Auditors as a whole. The Committee monitored the External Auditors' compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, and assessed their qualifications, expertise, resources as well as the effectiveness of the audit process, including a report from the External Auditor on its own internal quality procedures and independence.

The Committee was made aware by the External Auditor of an independence breach in respect of the provision of non-permitted services. The services were provided to the IG Markets Limited French branch from October 2016 and have been disclosed in the audit opinion. The Committee received comfort from the External Auditors as to their ongoing independence and that the persons performing the services had no role in relation to the performance of the audit. The Committee agreed that the breach did not affect the independence of the External Auditors.

As part of the assessment, a questionnaire was completed by the key stakeholders in the Group. The questionnaire addressed matters including the External Auditors' integrity, objectivity, skills and technical knowledge, the quality of planning and execution of the audit, the level of challenge applied, the External Auditors' understanding of the Group's business, insights and added value and general support and communication to the Committee and management. The results were analysed, and a report was presented to the Committee. Following the review of the effectiveness of the External Auditor, the external audit process and an assessment of the External Auditor's independence and objectivity, the Committee recommended the re-appointment of PwC to the Board for recommendation to the approval by shareholders at the Company's 2019 Annual General Meeting.

There are no contractual obligations restricting the Company's choice of an External Auditor.

AUDIT COMMITTEE EFFECTIVENESS

During the year, the Committee undertook a questionnaire based review of its own effectiveness. The evaluation process was internally facilitated by the Company Secretary as part of the overall annual Board effectiveness review. The Committee performance was highly rated, as was the management of meetings and the quality of information received.

The review this year highlighted the need for the Committee to continue to be kept up to date with accounting and audit developments especially in light of proposed changes to the oversight of the audit industry in the UK. Overall, the Committee was seen to be operating effectively.

THE STATUTORY AUDIT SERVICES FOR LARGE COMPANIES MARKET INVESTIGATION (MANDATORY USE OF COMPETITIVE TENDER PROCESSES AND AUDIT COMMITTEE RESPONSIBILITIES) ORDER 2014

Following a tender process, PwC has been the Group's External Auditor since October 2010 and has been reappointed at each subsequent AGM. The Group is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the External Auditor, and the setting of a policy on the provision of non-audit services. The Auditor is required to rotate the audit partner responsible for the Group audit every five years, with this being the fourth year for the current incumbent.

It is the intention of the Committee that the Company will tender the External Auditor appointment at least every 10 years, and so whilst the Company is satisfied that the auditors remain independent, it has commenced a tender process, which includes PwC. Such process will be conducted by the Committee who will then make a recommendation to the Board, and following the decision an announcement will be made.

In the meantime, and as set out in the Effectiveness of External Auditors section of this report, the Company will be proposing their re-appointment at the 2019 Annual General Meeting.

Jim Newman, Chairman of the Audit Committee
23 July 2019

BOARD RISK COMMITTEE

JONATHAN MOULDS
CHAIRMAN OF THE BOARD RISK COMMITTEE

Jonathan Moulds, Chairman of the Board Risk Committee, gives his review of the Committee's activities during the financial year.

I am pleased to report that the Committee has continued to embed its role in ensuring a holistic approach to risk management across the Group, including through clear linking of risk reporting to the key risks facing the business.

JONATHAN MOULDS
CHAIRMAN OF THE BOARD RISK COMMITTEE

CHAIRMAN'S OVERVIEW

The Committee has continued to focus on providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group, including risks to the achievement of our strategy, and the Committee's agenda has been rebalanced towards review of the actual and emerging risks faced by the business.

I am pleased to report that the Committee has continued to embed its role in ensuring a holistic approach to risk *management across the Group, including through clear* linking of risk reporting to the key risks facing the business, through the further development of the Risk Taxonomy and the linking of Key Risk Indicators to the Risk Taxonomy.

The risk function, headed by the Group Chief Risk Officer (CRO), has supported this development while continuing to focus on risk-related material such as the Risk Appetite Statement and Risk Management Framework. Under the leadership of the previous Chair, Sam Tymms, operational risk management systems have continued to be developed *and embedded into the business, and operational risk* reports are now regularly provided to control related management Committees such as the Client Money and Assets Committee, and the Control Function Oversight Committee.

This year's annual Non-Executive Director Risk Workshop once again provided active oversight of and input to our regulatory capital calculations set out in the Group's Internal Capital Adequacy Assessment Process (ICAAP), the stress-testing of our risks, and our capital and liquidity held *against those, as well as our Reverse Stress Test and* Recovery Plans (RP).

Internal Audit have embedded their new style of reporting to the Committee, focusing on advisory work conducted by the function on the state of the Risk Management Framework, and current and potential risk exposures of the Group.

I would like to thank Sam Tymms for moving the Committee's agenda on during her time as its Chairman, *until her resignation from the Board on 20 March 2019,* and for handing over the Chairmanship with the Committee well placed to respond to the next phase of the Group's development.

ROLE OF THE BOARD RISK COMMITTEE

The Committee refreshed its Terms of Reference (ToR) during the year to reflect the 2018 Corporate Governance Code requirement for the Company to carry out a robust assessment of emerging and principal risks, and to report on the same to the Board.

The Committee provides oversight and advice to the Board in relation to current and potential future risk exposures and future risk strategy of the Group. This includes determination of overall risk appetite and tolerance, considering the current and prospective macroeconomic and financial environment. Key responsibilities of the Committee, in addition to those noted above, include:

- Reviewing the Group's major risk exposures, identifying risk trends, concentrations and exposures and material regulatory changes, and overseeing the mitigation of those, consistent with our risk appetite
- Considering, and recommending for approval by the Board, the Risk Appetite Statement and Key Risk Indicators
- Reviewing the scope and nature of the work undertaken by the control functions, particularly in relation to business, regulatory, compliance, anti-money-laundering, conduct and culture risks
- Conducting an annual review of the Group's remuneration framework in support of the Committee's responsibility to consider the alignment of the Remuneration Policy to risk performance
- Ensuring rigorous stress-testing and scenario-testing of the Group's business and receiving reports which explain the impact of identified risks and threats
- Monitoring, reviewing and challenging key regulatory documents – the Individual Liquidity Adequacy Assessment (ILAA), ICAAP and the RP
- Reviewing and recommending the statements to be included in the Annual Report concerning controls and risk management, for approval by the Board
- Considering whether any changes in the Group's Risk profile warrant a change in proposed insurance arrangements
- Continuing to work closely with other Board Committees where risk-related input is required

The Terms of Reference (ToR) for the Committee are on the Company's website, iggroup.com

BOARD RISK COMMITTEE MEMBERSHIP AND ATTENDANCE

The Board Risk Committee is composed of Independent Non-Executive Directors. The following table shows the Committee members during the year and their attendance at Committee meetings.

COMMITTEE MEMBER	ELIGIBLE TO ATTEND	ATTENDED
Sam Tymms[1]	4	4
Jonathan Moulds[2]	3	3
Stephen Hill[3]	5	4
Jim Newman	5	5
June Felix[4]	2	2

(1) Sam Tymms resigned as a Director on 20 March 2019 and attended all Committee meetings up to the date of her resignation.
(2) Jonathan Moulds was appointed a Member of the Committee on 20 September 2019 and became Committee Chair on 20 March 2019
(3) Stephen Hill did not attend one scheduled meeting due to short notice unforeseen circumstances
(4) June Felix resigned as a Committee Member on her appointment as CEO effective 30 October 2018, and attended all meetings up to the date of her appointment as CEO

The Committee is scheduled to meet four times a year and additionally when required. The Committee met five times during the financial year. The Committee makes recommendations to the Board and, where relevant, to other Board Committees (for example, to the Remuneration Committee on remuneration-related risks) and the business of the Committee is reported to the following Board meeting.

Other than the Company Secretary, who attends all Committee meetings, Executive Directors, the CRO and the Global Head of Internal Audit attend Committee meetings by invitation. Representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration.

During the year the membership of the Committee changed. Jonathan Moulds became a member of the Committee on 20 September 2019 following his appointment to the Board, and on 20 March 2019 succeeded Sam Tymms as Committee Chairman following her resignation from the Board.

June Felix stepped down as a Committee member on 30 October 2018, following her appointment as Chief Executive Officer.

The Board Chairman, Andy Green, attended all of the meetings.

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's ToR, is approved by the Committee. The Company Secretary assists the Chairman of the Committee in drafting the agenda for each Committee meeting.

BOARD RISK COMMITTEE CONTINUED

ACTIVITY DURING THE FINANCIAL YEAR

During the year, the Committee's key activities included:

- Reviewing developments to the Risk Appetite Statement, Risk Taxonomy and Risk Management Framework, and alignment of business and risk management strategy with the risk appetite
- Considering current and emerging risks facing the business, including the risk associated with leadership change, Brexit and a change of government
- Requesting and/or reviewing a number of specific reports, including in relation to financial crime risk, AML controls, and Product Governance
- Reviewing and challenging of Operational Risk development
- Reviewing IT and cyber security in the context of the annual technology risk review
- Annual review of regulatory waivers applying to legal entities across the Group
- Formal annual compliance assessment of material breaches
- Annual Policy Governance Framework review
- Reviewing enhancements to IG's approach to Transaction Reporting
- Reviewing a culture risk dashboard and report covering client outcomes, technology, regulatory outcomes, people outcomes and conduct more broadly
- Reviewing the capital and liquidity position of the Group including through the ICAAP, ILAA and the RP
- Reviewing its own performance and considering steps to enhance Committee effectiveness and making appropriate recommendations to the Board

COMMITTEE EVALUATION AND FUTURE PRIORITIES

During 2019, the Committee undertook an internally facilitated assessment of its own effectiveness conducted by the Company Secretary. The Committee's performance was highly rated, as was the management of its meetings and the quality of information received.

The Committee had increased its focus on consideration of highly rated risks and mitigation plans and on new and emerging risks.

The evaluation suggested a small number of areas for future focus, including additional training on risks relating to the expansion of the business into new jurisdictions and products, and further development of the oversight of the Operational Risk Management Framework. It was recognised that the timeliness of delivery of papers could be improved further.

Jonathan Moulds, Chairman of the Board Risk Committee
23 July 2019

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report, together with the Group Financial Statements, for the year ended 31 May 2019. The Directors' Report comprises pages 123 to 125 of this report, together with the sections of the Annual Report incorporated by reference as set out below:

Section 414A of the Companies Act 2006 (the Act) requires the Directors to present a Strategic Report in the Annual Report and Financial Statements. The information can be found on pages 24 to 71.

The Company has chosen, in accordance with Section 414C (11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report, including the Non-Financial Information Statement required by Section 414A of the Act which [illegible] Corporate Social Responsibility section on page 70.

In line with the requirements under Capital Requirements Capital Directive IV, requiring credit institutions and investment firms to publish annually certain tax and financial data for each country where they operate, the Group's UK regulated subsidiaries will make available their country-by-country reporting on the Group's website, iggroup.com.

DISCLOSURES REQUIRED PURSUANT TO LISTING RULE 9.8.4R

In compliance with the UK Financial Conduct Authority's Listing Rules, the information in Listing Rule 9.8.4R to be included in the Annual Report and Accounts, where applicable, can be found on the following pages:

DETAIL	PAGE
Waiver of dividends	123

CORPORATE GOVERNANCE STATEMENT

In compliance with the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR) 7.2.1, the disclosures required by the DTR are set out in this Directors' Report and in the Corporate Governance Report.

PROFIT AND DIVIDENDS

The Group's statutory profit for the year after taxation amounted to £158.3 million (2018: £226.4 million), all of which is attributable to the equity members of the Company.

The Directors recommend a final ordinary dividend of 30.24 pence per share, amounting to £111.3 million, making a total of 43.2 pence per share and £159.1 million for the year. Dividends are recognised in the Financial Statements for the year in which they are paid or, in the case of a final dividend, when approved by the shareholders. The amount recognised in the Financial Statements, as described in note 10, includes this financial year's interim dividend and the final dividend from the previous year, both of which were paid.

The final ordinary dividend, if approved, will be paid on 24 October 2019 to those shareholders on the register as at 26 September 2019.

Certain nominee companies representing our Employee Benefit Trusts hold shares in the Company in connection with the operation of the Company's share plans. Permanent dividend waivers remain in place on shares held by them that have not been allocated to employees.

ARTICLES OF ASSOCIATION

The Company's Articles of Association (the Articles) are available from the Group's website, iggroup.com, or by writing to the Company Secretary at the Group's registered office. The Articles can also be obtained from the UK Registrar of Companies. The Articles were last amended by the shareholders by means of a special resolution on 21 September 2016.

DIRECTORS' REPORT CONTINUED

BOARD OF DIRECTORS AND THEIR INTERESTS

Details of the Directors who held office at the end of the year are set out on pages 78 and 79 and are incorporated into this report by reference. Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 107. Details of changes to the Board during the financial year are set out below:

NAME	ROLE	EFFECTIVE DATE OF APPOINTMENT/ RESIGNATION
Bridget Messer	Executive Director	Appointment on 1 June 2018 – Chief Commercial Officer
Jon Noble	Executive Director	Appointment on 1 June 2018 – Chief Operating Officer
Sally-Ann Hibberd	Non-Executive Director	Appointment on 20 September 2018
Jonathan Moulds	Non-Executive Director	Appointment on 20 September 2018
Peter Hetherington	Chief Executive Officer (CEO)	Resignation on 26 September 2018
June Felix	Chief Executive Officer (CEO)	Appointment on 30 October 2018 at which date June ceased to be a Non Executive Director
Samantha Tymms	Non-Executive Director	Resignation on 20 March 2019

Our Chairman, Andy Green announced on 15 April 2019 his intention to step down as Chairman and a Director of the Company at the AGM to be held on 19 September 2019.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The appointment and retirement of Directors is governed by the Articles, the UK Corporate Governance Code (the Code), the Act and related legislation. The Board has the power to appoint any person as a Director to fill a casual vacancy or as an additional Director, provided the total number of Directors does not exceed the maximum prescribed in the Articles. Any such Director holds office only until the next AGM, and is then eligible to offer himself or herself for election.

The Articles also require that all those Directors who have been in office at the time of the two previous AGMs, and who did not retire at either of them, must retire as Directors by rotation. Such Directors are eligible to stand for re-election. However, in line with the Code's recommendation that all Directors of FTSE 350 companies should be subject to annual election, all Directors other than the Chairman will stand for election or re-election at the 2019 AGM.

DIRECTORS' CONFLICTS OF INTEREST

In accordance with the Act, all Directors must disclose both the nature and extent of any potential or actual conflicts with the interests of the Company. We explain the procedure for this on page 85.

INSURANCE AND INDEMNITIES

The Group has Directors' and Officers' liability insurance in place, providing appropriate cover for any legal action brought against its Directors. Qualifying third-party indemnity provisions (as defined by Section 234 of the Act) were in force during the year ended 31 May 2019. These provisions remain in force for the benefit of the Directors, in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of acting as Directors of the Company.

RESEARCH AND DEVELOPMENT

In the ordinary course of business, the Company regularly develops new products and services.

POLITICAL DONATIONS

The Company made no political donations to political organisations or independent election candidates and incurred no political expenditure in the year (2018: £nil).

SHARE CAPITAL

The Company has three classes of shares: ordinary shares, deferred redeemable shares and preference shares. As at 31 May 2019, the Company's issued shares comprised 368,844,455 ordinary shares of 0.005p each (representing 99.97% of the total issued share capital), 65,000 deferred redeemable shares of 0.001p each (representing 0.02% of the total issued share capital) and 40,000 preference shares of £1.00 each (representing 0.01% of the total issued share capital). Details of movement in the Company's share capital and rights attached to the issued shares are given in note 21 to the Financial Statements. Information about the rights attached to the Company's shares can also be found in the Articles. Details of the Group's required regulatory capital are disclosed in the Operating and Financial Review on page 51.

VARIATION OF RIGHTS

Subject to the provisions of applicable statutes, the rights attached to any class of shares may be varied, either with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class.

RESTRICTIONS ON TRANSFER OF SECURITIES

There are no specific restrictions on the transfer of securities in the Company, other than as contained in the Articles and certain laws or regulations, such as those related to insider trading, which may be imposed from time to time. The Directors and certain employees of the Company are required to obtain the Company's approval prior to dealing in the Company's securities. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

EXERCISE OF RIGHTS OF SHARES IN EMPLOYEE SHARE SCHEMES

The trustees of the IG Group Employee Benefit Trusts do not seek to exercise voting rights on shares held in the employee trusts, other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries. The trustees have a dividend waiver in place in respect of unallocated shares held in the trust.

POWERS OF THE DIRECTORS TO ISSUE OR PURCHASE THE COMPANY'S SHARES

The Articles permit the Directors to issue or repurchase the Company's own shares, subject to obtaining shareholders' prior approval. The shareholders gave this approval at the 2018 AGM. The authority to issue or buy back shares will expire at the 2019 AGM, and it will be proposed at the meeting that the Directors be granted new authorities to issue or buy back shares. The Directors currently have authority to purchase up to 36,884,445 of the Company's ordinary shares. However, the Company did not repurchase any of its ordinary shares during the year.

During the year, the Company instructed the trustee of the Employee Benefit Trusts to purchase shares in order to satisfy awards under the Group's share incentive plan schemes. The Company also issued shares in respect of the Sustained Performance Plan. Details of the shares held by the Group's Employee Benefit Trusts and the amounts paid during the year are disclosed in note 22 to the Financial Statements.

MAJOR INTEREST IN SHARES

Information provided to the Company by major shareholders pursuant to the Financial Conduct Authority (FCA) and Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service and is available on the Company's website. The information in the table below has been received in accordance with information made available to the company and in accordance with DTR5, from holders of notifiable interests in the Company's issued share capital as at 31 May 2019 and as at 15 July 2019. Holders are not required to notify the Company of any change until the next applicable threshold is reached or crossed.

CHANGE OF CONTROL

Following any future change of control of the Company, participating lenders in the Group's bank facility agreement have the option to cancel their commitment. Upon such cancellation, any outstanding loans, including accrued interests and other amounts due to lenders will become immediately due and payable. Further details may be found in note 17 to the Financial Statements.

There are no agreements between the Company and its Directors or employees providing for compensation on any loss of office or employment that occurs because of a takeover bid. However, options and awards granted to employees under the Company's share schemes and plans may vest on a takeover, under the schemes' provisions.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 19 September 2019. Details of the resolutions to be proposed at the AGM will be provided in a separate circular sent to all shareholders.

INDEPENDENT AUDITORS

Resolutions to reappoint PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to determine their remuneration will be put to shareholders at the AGM on 19 September 2019.

SUBSEQUENT EVENTS

Please refer to note 29 of the Financial Statements.

	31 May 2019		15 July 2019	
	No. of shares	%	No. of shares	%
BlackRock Inc	26,761,091	7.26	26,654,639	7.23
Sun Life Financial Group	25,061,924	6.79	24,625,614	6.68
Standard Life Aberdeen	21,482,147	5.82	21,077,428	5.71
Artemis Investment Management LLP	18,356,072	4.98	19,364,378	5.25
Marathon Asset Management	15,992,152	4.34	15,637,916	4.24
The Vanguard Group, Inc	13,262,722	3.60	13,181,102	3.57
Royal London Mutual Assurance Society	13,162,585	3.57	13,213,036	3.58

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Group and the Company, and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the Financial Statements on the going-concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- The Group and Company Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company
- The Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group and Company's Auditors are unaware
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's Auditors are aware of that information

On behalf of the Board

June Felix

June Felix, Chief Executive Officer
23 July 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IG GROUP HOLDINGS PLC

REPORT ON THE FINANCIAL STATEMENTS

OPINION

In our opinion, IG Group Holdings plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2019 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 May 2019; the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements, the Consolidated Statement of Comprehensive Income, and the Consolidated Income Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

During the year, we identified that PwC Societe D'Avocats, a law firm associated with PwC in France had provided litigation services to the French branch of IG Markets Limited, a subsidiary of the Company, which is in breach of paragraph 5.167 (g) of the FRC Ethical Standard. These services were provided between October 2016 and August 2018. The matters addressed were not material to the consolidated or company financial statements, the work was performed by individuals who had no role in relation to the performance of the audit, and our audit did not place any reliance on the work performed by PwC Societe D'Avocats in providing the services. Accordingly, we confirm, based on the assessment of this breach, and having considered the nature of these services, that we have not, in our view compromised general principles of independence, and, therefore, that we remain independent of the group.

To the best of our knowledge and belief, we declare that other than as disclosed above, no non-audit services prohibited by the FRC Ethical Standard were provided to the Group or the Company in the period from 1 June 2018 to 31 May 2019.

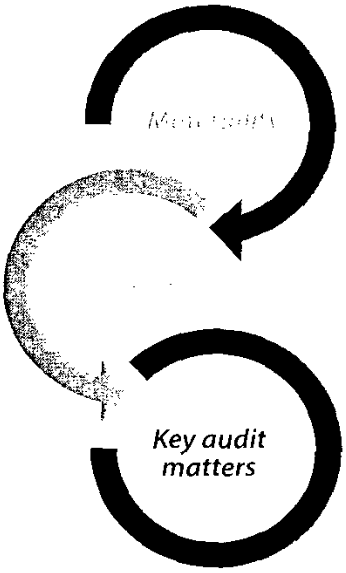
Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 June 2018 to 31 May 2019.

COMPANY OVERVIEW | STRATEGIC REPORT | GOVERNANCE REPORT | FINANCIAL STATEMENTS | SHAREHOLDER AND CO. INFO

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IG GROUP HOLDINGS PLC CONTINUED

OUR AUDIT APPROACH

Overview



- Overall group materiality: £9.7 million (2018: £14 million), based on 5% of profit before tax
- Overall company materiality: £6.4 million (2018: £6.2 million), based on 1% of total assets

- Group: We determined the appropriate work to perform based on the consolidated balances of the Group. As a result, the majority of our audit work was performed by the group audit team in London supported by a PwC member firm in Poland, reflecting the centralised nature of the groups' business activities. Additional testing was performed for group audit purposes by a PwC member firm in the United States in relation to the Group's US subsidiary Nadex
- This approach gave us sufficient coverage over group's total assets and consolidated profit before tax
- Company: The parent company balance sheet consists primarily of investment in subsidiaries, receivables, and payables. The audit work was performed by the group audit team in London

- Revenue recognition (Group)
- Management override of control, including privileged access management (Group and company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules of the Financial Conduct Authority, the Financial Conduct Authority's Handbook, and corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the recording of journals, and potential bias in the determination of material estimates. Audit procedures performed by the group engagement team included identifying and, where relevant, testing journal entries posted by senior management or with unusual account combinations, evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities, review of correspondence with regulators, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements.

There are inherent limitations in the audit procedures described above and the further removed non compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
***Revenue recognition* - Group** The Group's trading revenue is predominantly generated from over the counter (OTC) leveraged derivatives placed by clients, offset by net gains or losses from the hedging trades that the Group places with external market counterparties to manage its risk.	We focused firstly on testing the control environment in which revenue is recorded. We evaluated, understood and tested key controls in place over the relevant processes. In particular, we tested controls directly associated with revenue transaction capture, processing and reporting, and the valuation of year-end positions held by the Group with clients and with hedging counterparties. We also tested controls associated with cash reconciliations and reconciliations with external counterparties through the year. We tested the valuation of client positions to third party pricing sources. We agreed selected cash account balances to external third party evidence at year-end through a combination of independent confirmations and examination of bank statements, and amounts and balances held with hedging counterparties to independent confirmations and other external third party evidence. We re-performed a sample of revenue calculations performed by the Group's trading systems, and agreed these to the underlying accounting records. We evaluated the Group's assessment and implementation of the new reporting standard, IFRS 15 Revenue from Contracts with Customers. Finally, to address the risk that improper or inaccurate adjustments or transactions had been entered into the trading systems, we reviewed selected client activity reports and read a sample of customer complaints. We identified a number of exceptions in our testing of the control environment for which we performed sufficient additional procedures to conclude that they do not have a material impact on revenue recorded for the period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IG GROUP HOLDINGS PLC CONTINUED

Key audit matter	How our audit addressed the key audit matter
Management override of control, including privileged access management - Group and Company International Standards on Auditing (UK) (ISAs UK) require that we consider management override of control as a significant audit risk as management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although management is responsible for safeguarding the assets of the business, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the financial statements and accounting records. Specifically in relation to information technology, the risk relates to privileged access provided for the Group's technology function to certain IT systems relevant to the Group's revenue and financial reporting processes. While mitigating controls operate, the privileged access could result in unauthorised changes being made to system functionality or data, either in error or intentionally.	We evaluated and tested key controls in place over the *relevant processes. Specifically, in relation to information* technology, we performed testing of the IT general controls related to IT systems relevant to financial reporting, including testing of access rights and privileged access. *These included:* validating that the most recent change to the systems had been recorded in the IT change management system for approval; tested the control operated by the Group to identify where production code differs from the latest approved version, and performed testing over key automated controls (including report configuration) to validate that no unapproved changes to those controls had been made during the period. We also performed substantive procedures to mitigate the risks. These included the testing of reconciliations of key financial reports to external third party sources, including period end market prices, and hedging counterparty and bank reconciliations. We assessed the assumptions underlying key accounting estimates used in the preparation of the financial statements and considered whether there was any evidence of bias. We also tested the authorisation of selected journal entries identified for testing using risk criteria independently tailored by us for the Group. We also incorporated an element of unpredictability into our testing approach. No issues arose from this work.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group consists of a UK holding company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories. The accounting records and related controls for both the UK and overseas businesses are primarily maintained and operated by the Group's finance teams in London and Krakow. The technology controls that are relevant to our financial statement audits are operated by the Group in London, Krakow and Bangalore.

As a result, the majority of our audit work was performed by the group audit team in London, supported by a PwC member firm in Poland, reflecting the centralised nature of the groups' business activities. Additional testing was performed for *group audit purposes by a PwC member firm in the United States in relation to the Groups' US subsidiary Nadex.*

Materiality
The scope of our audit was influenced by our application of materiality. We set certain *quantitative thresholds* for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows.

	Group financial statements	Company financial statements
Overall materiality	*£9.7 million (2018: £14 million).*	*£6.4 million (2018: £6.2 million)*
How we determined it	5% of consolidated profit before tax	1% of total assets
Rationale for benchmark applied	Consistent with last year, we applied this benchmark, a generally accepted auditing practice, as it is the most relevant metric against which the performance of the Group is measured.	A benchmark of total assets has been used as the company's primary purpose is to act as a holding company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit based measure is not relevant. The benchmark used is consistent with last year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.5 million (Group audit) (2018: £0.7 million) and £0.3 million (Company audit) (2018: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going Concern

In accordance with ISAs (UK) we report as follows.

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, clients and hedging counterparties, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IG GROUP HOLDINGS PLC CONTINUED

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06).

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06).

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group
We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 87 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 71 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules).

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 126, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 112 119 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Report set out on page 126, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the directors on 8 December 2010 to audit the financial statements for the year ended 31 May 2011 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 May 2011 to 31 May 2019.

Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 July 2019

FINANCIAL STATEMENTS

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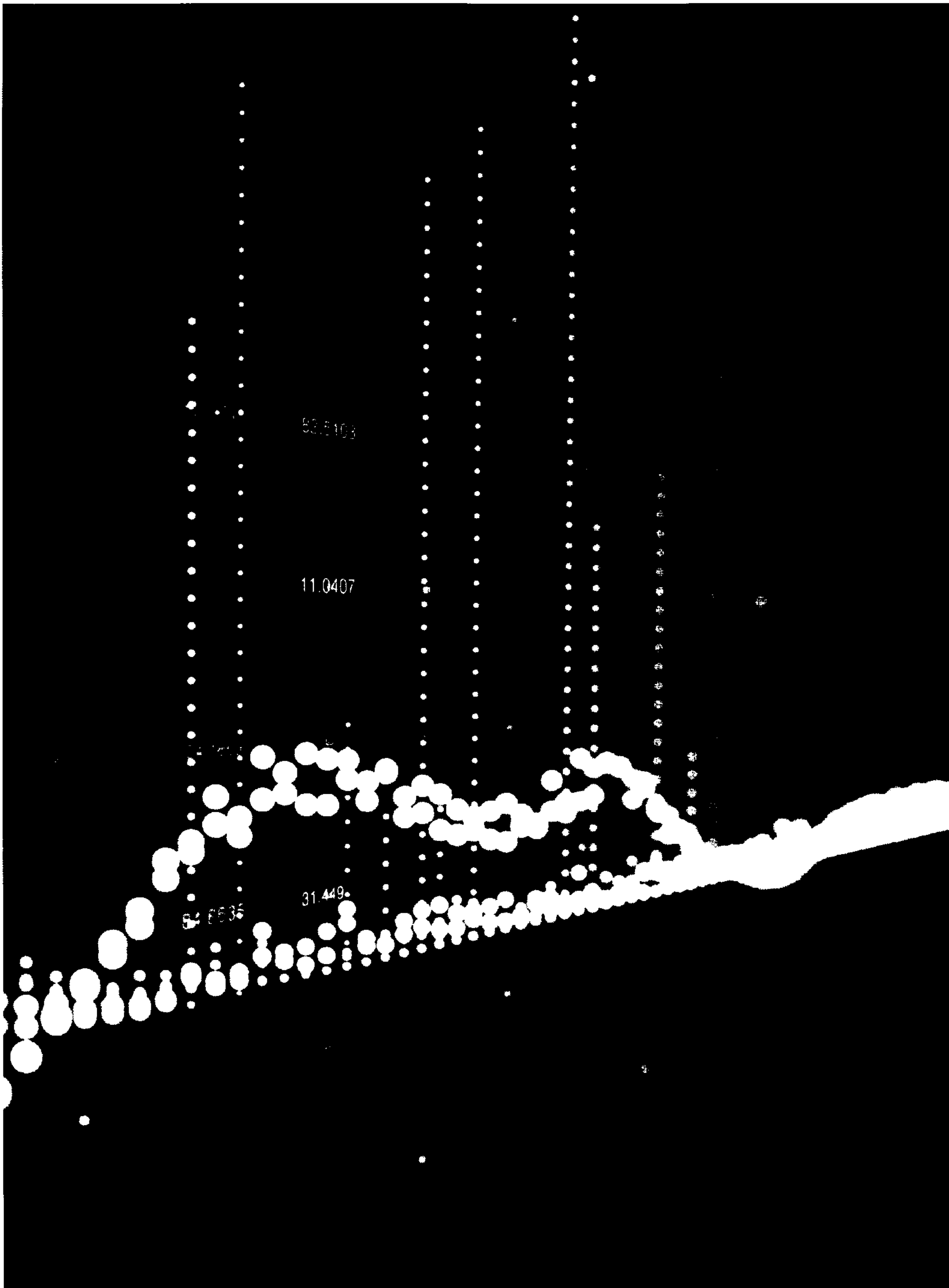
PRIMARY STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2019

	Note	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Trading revenue		488.0	590.2
Introducing partner commissions		(11.1)	(21.2)
Net trading revenue	2	476.9	569.0
Betting duty and financial transaction taxes		(7.9)	(5.1)
Interest income on segregated client funds		6.9	5.2
Interest expense on segregated client funds		(0.6)	(0.7)
Other operating income		1.9	2.8
Net operating income		477.2	571.2
Operating expenses	3	(284.3)	(290.1)
Operating profit		192.9	281.1
Finance income	6	5.4	2.9
Finance costs	7	(4.0)	(3.2)
Profit before taxation		194.3	280.8
Taxation	8	(36.0)	(54.4)
Profit for the year and attributable to owners of the parent		158.3	226.4
Earnings per ordinary share:			
– basic	9	43.1p	61.7p
– diluted	9	42.8p	61.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2019

	Year ended 31 May 2019 £m	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m	Year ended 31 May 2018 £m
Profit for the year attributable to owners of the parent		158.3		226.4
Other comprehensive income/(expense):				
Items that may be subsequently reclassified to the income statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	0.6			
Change in value of available-for-sale assets, net of tax			(0.2)	
Foreign currency translation gain/(loss)	6.2		(3.0)	
Other comprehensive income/(expense) for the year		6.8		(3.2)
Total comprehensive income attributable to owners of the parent		165.1		223.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MAY 2019

	Note	31 May 2019 £m	31 May 2018 £m
Assets			
Non-current assets			
Property, plant and equipment	11	14.4	15.5
Intangible assets	12	151.5	151.4
Financial investments	16	189.9	111.6
Deferred income tax assets	8	9.0	9.1
		364.8	287.6
Current assets			
Trade receivables	14	301.1	382.8
Other assets	15	33.1	27.2
Prepayments		9.7	8.5
Other receivables		5.3	3.3
Cash and cash equivalents		373.3	289.7
Financial investments	16	35.3	62.0
		757.8	773.5
TOTAL ASSETS		1,122.6	1,061.1
Liabilities			
Non-current liabilities			
Borrowings	17	99.6	–
Deferred income tax liabilities	8	0.4	–
		100.0	–
Current liabilities			
Trade payables	18	110.4	126.7
Other payables	19	60.0	74.7
Income tax payable		10.4	17.6
		180.8	219.0
TOTAL LIABILITIES		280.8	219.0
Equity			
Share capital and share premium	21	206.8	206.8
Other reserves	22	80.2	71.6
Retained earnings		554.8	563.7
Total equity		841.8	842.1
TOTAL EQUITY AND LIABILITIES		1,122.6	1,061.1

The Consolidated Financial Statements on pages 134 to 174 were approved by the Board of Directors on 23 July 2019 and signed on its behalf by:

Paul Mainwaring

Paul Mainwaring
Chief Financial Officer

Registered Company number: 04677092

COMPANY OVERVIEW STRATEGIC REPORT GOVERNANCE REPORT FINANCIAL STATEMENTS SHAREHOLDER AND CO INFO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2019

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
At 31 May 2017		–	206.8	123.1	405.4	735.3
Profit for the year and attributable to owners of the parent		–	–	–	226.4	226.4
Other comprehensive expense for the year		–	–	(3.2)		(3.2)
Total comprehensive income for the year		–	–	(3.2)	226.4	223.2
Equity-settled employee share-based payments	23	–	–	7.0	–	7.0
Tax recognised directly in equity on share-based payments	8	–	–	–	0.5	0.5
Employee Benefit Trust purchase of shares	22	–	–	(4.3)	–	(4.3)
Equity dividends paid	10	–	–	–	(119.6)	(119.6)
Transfer of share based payment reserve		–	–	(51.0)	51.0	–
At 31 May 2018		–	206.8	71.6	563.7	842.1
Profit for the year and attributable to owners of the parent		–	–	–	158.3	158.3
Other comprehensive expense for the year		–	–	6.8	–	6.8
Total comprehensive income for the year		–	–	6.8	158.3	165.1
Transfer of transactions with non-controlling interests reserve		–	–	2.1	(2.1)	–
Equity-settled employee share-based payments	23	–	–	7.2	–	7.2
Tax recognised directly in equity on share based payments	8	–	–	–	0.5	0.5
Employee Benefit Trust purchase of shares	22	–	–	(2.0)		(2.0)
Equity dividends paid	10	–	–	–	(171.1)	(171.1)
Transfer of share based payment reserve		–	–	(5.5)	5.5	–
At 31 May 2019		–	206.8	80.2	554.8	841.8

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2019

	Note	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Operating activities			
Cash generated from operations	28	256.8	276.6
Income taxes paid		(38.4)	(48.9)
Net cash flow generated from operating activities		218.4	227.7
Investing activities			
Interest received		4.2	2.6
Purchase of property, plant and equipment		(5.6)	(4.4)
Payments to acquire and develop intangible assets		(8.7)	(9.6)
Net cash flow from financial investments		(50.1)	(28.9)
Net cash flow used in investing activities		(60.2)	(40.3)
Financing activities			
Interest paid		(3.3)	(3.2)
Equity dividends paid to owners of the parent		(171.1)	(119.6)
Employee Benefit Trust purchase of own shares		(2.0)	(4.3)
Drawdown of term loan net of fees		99.5	
Net cash flow used in financing activities		(76.9)	(127.1)
Net increase in cash and cash equivalents		81.3	60.3
Cash and cash equivalents at the beginning of the year		289.7	230.9
Impact of movement in foreign exchange rates		2.3	(1.5)
Cash and cash equivalents at the end of the year		373.3	289.7

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION, BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

General information

The financial statements of IG Group Holdings plc and its subsidiaries (together the Group) for the year ended 31 May 2019 were authorised for issue by the Board of Directors on 23 July 2019 and the Statement of Financial Position was signed on the Board's behalf by Paul Mainwaring. IG Group Holdings plc is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

The Group's financial statements have been prepared in accordance with EU-adopted International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed below.

Basis of preparation

The accounting policies which have been applied in preparing the financial statements for the year ended 31 May 2019 are disclosed in note 30.

Critical accounting estimates and judgements

The preparation of financial statements requires the Group to make estimates and judgements that affect the amounts reported for assets and liabilities as at the year-end, and the amounts reported for revenue and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates

In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the presentation or measurement of items recorded in the financial statements are the following.

(a) Carrying value of intangible assets (estimate) – the Group undertook an analysis as at 31 May 2019 in relation to the DailyFX intangible asset, which has a carrying value of £23.8 million at 31 May 2019, to determine whether there were any indicators of impairment. The Group considered the number of first trades generated by the asset, the attrition rate of customers, the average net trading income generated by each active client and an assessment of the overall economic environment to determine whether there were any indicators that would require a full impairment assessment to be undertaken. The Group concluded that there were no indicators of impairment. The Group also considered the estimated life of DailyFX and concluded that the useful life of 10 years remained appropriate.

The Group undertakes an impairment assessment of goodwill annually. The goodwill balance of £108.1 million as at 31 May 2019 primarily relates to the purchase of the UK business by IG Group Holdings plc. For impairment testing purposes, this goodwill is assessed as part of the UK Cash Generating Unit, and so the Group does not consider there to be a significant risk of a material adjustment arising within the next financial year. Information on the key assumptions relevant to, and a sensitivity analysis of, the Group's impairment assessment of goodwill is disclosed in note 13.

(b) Tax charge (estimate) – the calculation of the Group's total tax charge involves a degree of estimation. In calculating the tax charge, the Group makes assumptions about the availability of reliefs, such as the UK Patent Box, the availability of future profits to support the recognition of deferred tax assets and an assessment of the outcome of tax enquiries as the tax treatment of some transactions and the application of tax legislation cannot be finally determined until formal resolution has been reached with the relevant tax authority. The Group recognises a tax charge for open tax matters based on an assessment of the taxes that may be due. Tax payable may ultimately be materially more or less than the amount already accounted for. Further information is disclosed in Note 8.

(c) DailyFX asset acquisition (judgement) – determining whether the purchase of DailyFX during the year ended 31 May 2017 was a business combination or an asset purchase was a matter of critical accounting judgement which remains relevant for the year ended 31 May 2019 given the size of the asset on the Group's Statement of Financial Position at £23.8 million. The purchase included the website together with its historical content and lead list. In order to enable lead capturing and to re-establish the DailyFX Plus facility, which captures details on new subscribers, the infrastructure necessary for operating and integrating the website needed to be rebuilt. A number of the DailyFX staff were offered and subsequently accepted roles with IG. Therefore, whilst inputs had been acquired, the processes that IG would ultimately benefit from had to be recreated and rebuilt or separately acquired. Accordingly, the Group accounted for the transaction as an asset purchase as not all the requirements for a business combination were met.

1. GENERAL INFORMATION, BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

(d) Accounting for cryptocurrencies (judgement) – the Group has recognised £33.1 million of cryptocurrencies and rights to cryptocurrencies on its Statement of Financial Position as at 31 May 2019 (31 May 2018: £27.2 million). During the year ended 31 May 2018 the Group changed the accounting policy it applies to these assets and reclassified these assets from 'Trade receivables' into 'Other assets' which is considered to be a more appropriate presentation. The classification of cryptocurrencies is considered to be a critical accounting judgement.

2. NET TRADING REVENUE

Net trading revenue represents trading revenue after deducting introducing partner commissions.

Net trading revenue by operating segment

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Executive Directors consider business performance based on geographical location. This geographical split reflects the location of the office that manages the underlying client relationship. Net trading revenue represents an allocation of the total net trading revenue that the Group generates from clients' trading activity.

The Executive Directors continue to consider business performance from a product perspective, split into OTC leveraged derivatives, exchange traded derivatives and stock trading and investments.

The income from exchange traded derivatives derives wholly from the United States.

The income from stock trading and investments derives from the UK, EU and Australia.

The Group manages market risk and a number of other activities on a group-wide portfolio basis and accordingly a large proportion of costs are incurred centrally. These central costs are not allocated to individual segments for decision making purposes for the CODM and accordingly these costs have not been allocated to segments.

The segmental analysis shown below therefore does not include a measure of profitability, nor a segmented statement of financial position, as this would not reflect the information which is received by the CODM on a regular basis. The segmental breakdown of net trading revenue is as follows:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Net trading revenue by geography:		
UK	200.0	260.8
EU	68.2	117.3
EMEA – Non EU	43.7	36.8
Australia	70.0	69.5
Singapore	41.0	40.1
Japan	19.4	15.0
Emerging markets	17.6	12.9
USA	17.0	16.6
Total net trading revenue	476.9	569.0
Net trading revenue by product:		
OTC leveraged derivatives	454.2	548.4
Exchange traded derivatives	16.8	16.6
Stock trading and investments	5.9	4.0
Total net trading revenue	476.9	569.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. OPERATING EXPENSES

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Employee related expenses:		
Fixed remuneration	106.3	96.0
Variable remuneration	24.7	35.9
	131.0	131.9
Advertising and marketing	51.7	58.7
Premises related costs	13.1	12.6
IT, market data and communications	23.7	23.0
Legal and professional costs	13.8	8.8
Regulatory fees	3.6	7.1
Depreciation and amortisation	17.3	17.6
Loss allowance	1.8	0.8
Other costs	28.3	29.6
	284.3	290.1

Included in premises-related costs is operating lease rentals for office space £6.6 million (31 May 2018: £6.6 million)

4. AUDITORS' REMUNERATION

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Audit fees		
Fees payable to the Company's Auditors for the audit of the parent Company and Consolidated Financial Statements	0.5	0.5
Fees payable to the Company's Auditors and its associates for the statutory and non-statutory audits of the accounts of subsidiaries and branches of the Company	0.6	0.3
Total audit fees	1.1	0.8
Audit related fees		
Fees payable to the Company's Auditors and its associates for audit-related assurance services:		
- Other services supplied pursuant to legislation	0.6	0.4
- *Other audit-related assurance services*	0.1	0.1
Total audit-related fees	0.7	0.5
Non-audit fees		
Other services	0.2	0.3
Total non-audit fees	0.2	0.3

Audit-related fees include services that are specifically required of the Group's Auditors through legislative or contractual *requirements, controls assurance engagements required of the Auditors by the regulatory authorities in whose jurisdiction* the Group operates and other audit related assurance services.

Other services primarily relate to the licensing of software used for the production of client stock trading statements.

5. STAFF COSTS

The staff costs for the year, including Directors, were as follows:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Wages and salaries, performance-related bonus and equity-settled share based payment awards	112.2	112.2
Social security costs	12.2	13.4
Other pension costs	6.6	6.3
	131.0	131.9

The Group does not operate any defined benefit pension schemes. Other pension costs includes employee nominated payments to defined contribution schemes and company contributions.

The Directors' remuneration for the years ended 31 May 2019 and 31 May 2018 is set out in the Directors' Remuneration Report on page 93.

The average monthly number of employees, including Directors, split into the key activity areas was as follows:

	Year ended 31 May 2019 Number	Year ended 31 May 2018 Number
Prospect acquisition	270	216
Client sales and management	221	225
Technology	678	589
Operations and dealing	353	320
Business administration	258	247
	1,780	1,597

6. FINANCE INCOME

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Bank interest receivable	3.1	1.0
Interest receivable on cash held at brokers	1.2	1.4
Interest accrued on financial investments	1.1	0.5
	5.4	2.9

7. FINANCE COSTS

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Revolving credit facility interest and fees	0.5	1.4
Term loan interest and fees	2.7	–
Interest payable on cash held at brokers	0.5	1.4
Other interest	0.3	0.4
	4.0	3.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. TAXATION

Tax on profit on ordinary activities

Tax charged in the income statement:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Current income tax:		
UK corporation tax	32.6	48.4
Non-UK corporation tax	4.1	4.3
Adjustment in respect of prior years	(1.1)	1.3
Total current income tax	35.6	54.0
Deferred income tax:		
Origination and reversal of temporary differences	(0.3)	(0.6)
Adjustment in respect of prior years	0.7	(0.9)
Impact of change in tax rates on deferred tax balances	–	1.9
Total deferred income tax	0.4	0.4
Tax expense in the income statement	36.0	54.4

Tax not charged to the income statement:		
Tax recognised in other comprehensive income	0.1	–
Tax recognised directly in equity	(0.5)	(0.5)

Reconciliation of the total tax charge

The standard rate of corporation tax in the UK for the year ended 31 May 2019 is 19.0% (31 May 2018: 19.0%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the income statement for the year can be reconciled as set out below:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Profit before taxation	194.3	280.8
Profit multiplied by the UK standard rate of corporation tax of 19.0% (year ended 31 May 2018: 19.0%)	36.9	53.4
Higher taxes on overseas earnings	0.9	0.4
Adjustment in respect of prior years	(0.4)	0.4
Expenses not deductible for tax purposes	1.5	1.6
Patent Box deduction	(1.1)	(3.5)
Impact of change in tax rates on deferred tax balances	–	1.9
Recognition and utilisation of losses previously not recognised	(3.3)	-
Deferred tax not recognised	1.5	
Total tax expense reported in the income statement	36.0	54.4

The effective tax rate for the year is [illegible] (year ended 31 May 2018: 19.4%).

Deferred income tax assets

The deferred income tax assets included in the Statement of Financial Position are as follows:

	31 May 2019 £m	31 May 2018 £m
Tax losses available for offset against future tax	4.6	2.8
Temporary differences arising on share-based payments	0.8	2.2
Temporary differences arising on fixed assets	1.7	1.6
Other temporary differences	1.9	2.5
	9.0	9.1

8. TAXATION CONTINUED

Deferred income tax liabilities

The deferred income tax liabilities included in the Statement of Financial Position are as follows:

	31 May 2019 £m	31 May 2018 £m
Temporary differences arising on fixed assets	(0.4)	–
	(0.4)	–

Deferred income tax recovery/settlement

	31 May 2019 £m	31 May 2018 £m
Deferred tax assets to be recovered within 12 months	2.3	4.2
Deferred tax assets to be recovered after 12 months	6.7	4.9
	9.0	9.1
Deferred tax liabilities to be settled within 12 months	–	–
Deferred tax liabilities to be settled after 12 months	(0.4)	–
	(0.4)	–

The Finance Act 2016 was passed into legislation in September 2016 and reduced the main rate of UK corporation tax to 17.0% effective from 1 April 2020. Deferred tax assets and liabilities have been assessed at the tax rates that are expected to apply when the related asset is realised or liability settled.

The Group has an unrecognised deferred tax asset of £2.4 million (31 May 2018: £4.5 million) in respect of prior years' losses of the US businesses, the recoverability of which is dependent on sufficient taxable profits in those entities. The recognised deferred tax asset reflects the extent to which it is considered probable that future taxable profits can be offset against the tax losses carried forward. The Group also has an unrecognised deferred tax asset of £11.6 million (31 May 2018: 11.6 million) in respect of UK capital losses, the recoverability of which is dependent on sufficient capital gains arising in the future.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards vest. The excess of the expected tax relief in future years over the amount charged to the income statement is recognised as a credit directly to equity.

The movement in the deferred income tax assets included in the Statement of Financial Position is as follows:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
At the beginning of the year	9.1	9.1
Income statement charge	(0.1)	(0.4)
Tax credited to other comprehensive income	0.1	–
Tax charged directly to equity	(0.2)	0.4
Impact of movement in foreign exchange rates	0.1	
At the end of the year	9.0	9.1

The movement in the deferred income tax liability included in the Statement of Financial Position is as follows:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
At the beginning of the year	–	–
Income statement (charge)	(0.3)	–
Tax charged directly to equity	(0.1)	
At the end of the year	(0.4)	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. TAXATION *CONTINUED*

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the geographic location of the Group's earnings and the tax rates in those locations, changes in tax legislation, the use of brought-forward tax losses and the resolution of open tax issues. The Group's future tax charge may also be impacted by changes in the Group's business activities, client composition and regulatory status, which would impact the Group's exemption from the UK Bank Corporation Tax Surcharge.

Recognition of deferred tax assets is dependent on the Group's estimation of future profitable income and of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority.

There are two historic UK tax schemes that are still under discussion with HMRC. The Group has made tax payments relating to these schemes and if resolved in the Group's favour, may result in a material cash inflow to the Group and a reduction in the future tax charge as a result of a prior year adjustment. The Group determines its tax liability by taking into account its tax risks and it makes provision for those matters where it is probable that a tax liability will arise. Tax payable may ultimately be materially more or less than the amount already accounted for.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held as own shares in the Group's Employee Benefit Trusts. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares assuming the vesting of all outstanding share scheme awards and that vesting is satisfied by the issue of new ordinary shares.

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Earnings attributable to owners of the parent	158.3	226.4
Weighted average number of shares:		
Basic	367,570,489	366,780,442
Dilutive effect of share-based payments	2,796,998	3,162,903
Diluted	370,367,487	369,943,345

	Year ended 31 May 2019	Year ended 31 May 2018
Basic earnings per share	43.1p	61.7p
Diluted earnings per share	42.8p	61.2p

10. DIVIDENDS PAID AND PROPOSED

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Final dividend for FY18 at 33.5[illegible]p per share (FY17: 22.88p)	123.3	84.0
Interim dividend for FY19 at 12.96p per share (FY18: 9.69p)	47.8	35.6
	171.1	119.6

The final dividend for the year ended 31 May 2019 of 30.24p per share amounting to £111.3 million was proposed by the Board on 23 July 2019 and has not been included as a liability at 31 May 2019. This dividend will be paid on 24 October 2019, following approval at the Company's AGM, to those members on the register at the close of business on 27 September 2019.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Office equipment, fixtures and fittings £m	Computer and other equipment £m	Total £m
Cost:				
At 31 May 2017	23.6	5.3	28.5	57.4
Additions	0.1	1.0	4.0	5.1
Disposals/write-offs	(0.3)	(0.1)	(1.3)	(1.7)
Impact of movement in foreign exchange rates	(0.3)	0.1	(0.3)	(0.5)
At 31 May 2018	23.1	6.3	30.9	60.3
Additions	0.8	0.5	4.2	5.5
Disposals/write-offs	(2.1)	(0.4)	(1.0)	(3.5)
Impact of movement in foreign exchange rates	(0.2)	(0.1)	(0.2)	(0.5)
At 31 May 2019	21.6	6.3	33.9	61.8
Accumulated Depreciation:				
At 31 May 2017	15.9	2.8	21.3	40.0
Provided during the year	1.6	0.9	4.4	6.9
Amounts derecognised upon disposal	(0.2)	(0.1)	(1.2)	(1.5)
Impact of movement in foreign exchange rates	(0.3)	0.1	(0.4)	(0.6)
At 31 May 2018	17.0	3.7	24.1	44.8
Provided during the year	1.0	0.8	4.9	6.7
Amounts derecognised upon disposal	(2.1)	(0.4)	(1.0)	(3.5)
Impact of movement in foreign exchange rates	(0.2)	(0.1)	(0.3)	(0.6)
At 31 May 2019	15.7	4.0	27.7	47.4
Net book value – 31 May 2019	5.9	2.3	6.2	14.4
Net book value – 31 May 2018	*6.1*	*2.6*	*6.8*	*15.5*
Net book value – 31 May 2017	7.7	2.5	7.2	17.4

12. INTANGIBLE ASSETS

	Goodwill £m	[illegible] £m	Internally developed software £m	Software and licences £m	Total £m
Cost:					
At 31 May 2017	108.1	39.9	25.6	23.1	196.7
Additions	–		5.3	1.1	6.4
Disposals	-			(1.2)	(1.2)
Impact of movement in foreign exchange rates	(0.1)	(1.0)	-	(0.1)	(1.2)
At 31 May 2018	108.0	38.9	30.9	22.9	200.7
Additions		–	6.0	3.2	9.2
Disposals	–		–	(0.1)	(0.1)
Impact of movement in foreign exchange rates	0.1	1.5	-	-	1.6
At 31 May 2019	108.1	40.4	36.9	26.0	211.4
Accumulated amortisation:					
At 31 May 2017		7.4	12.7	19.9	40.0
Provided during the year	-	4.2	4.6	1.9	10.7
Amounts derecognised upon disposal	-	-	-	(1.2)	(1.2)
Impact of movement in foreign exchange rates	-	(0.2)	-	–	(0.2)
At 31 May 2018		11.4	17.3	20.6	49.3
Provided during the year		3.4	5.0	2.1	10.5
Amounts derecognised upon disposal		-		(0.1)	(0.1)
Impact of movement in foreign exchange rates	-	0.2	-	–	0.2
At 31 May 2019		15.0	22.3	22.6	59.9
Net book value – 31 May 2019	108.1	25.4	14.6	3.4	151.5
Net book value – 31 May 2018	108.0	27.5	13.6	2.3	151.4
Net book value – 31 May 2017	108.1	32.5	12.9	3.2	156.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. GOODWILL

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs) as follows:

	31 May 2019 £m	31 May 2018 £m
UK	100.9	100.9
US	6.0	5.8
Australia	0.1	0.1
South Africa	1.1	1.2
	108.1	108.0

Goodwill arose as follows:

- UK – from the purchase of the UK business on 5 September 2003
- Australia – from the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006
- US – from the acquisition of Nadex (formerly HedgeStreet Exchange) on 6 December 2007
- South Africa – from the acquisition of Ideal CFDs on 1 September 2010

Impairment testing

The Group's goodwill balance has been subject to a full impairment assessment and there has not been any impairment recognised for the year ended 31 May 2019 or 31 May 2018. For the purposes of the Group's impairment testing of goodwill, the carrying amount of each CGU is compared to the estimated recoverable amount of the relevant CGU and any deficits are considered impairments. The carrying amount of a CGU includes only those assets that can be attributed directly, or allocated on a reasonable and consistent basis.

The estimated recoverable amount for each CGU is based upon the value in use ('VIU') of each CGU. For all CGUs, the estimate of the recoverable amount was higher than the carrying value.

Key assumptions used in the calculation of the recoverable amount of the CGUs

The key assumptions for the VIU calculations are those regarding expected future cash flows, regional growth rates and discount rates. Future cash flow projections are based on the most recent financial budgets considered by the Board which are used to project cash flows for each CGU over the next four years. After this period a terminal growth rate of 2.5% has been applied to the cash flow to derive a terminal value for the CGUs. The resultant cash flows have been discounted at a pre-tax discount rate of 10.0% for UK and South Africa, 12.0% for Australia and 18.0% for the US.

Sensitivity to changes in assumptions

These calculations have been subject to a sensitivity analysis reflecting reasonable changes in key assumptions. All VIU calculations are not sensitive to reasonable changes in the discount rate or cash flow forecasts. In addition, the recoverable amount of all CGUs remained higher than the carrying value with terminal growth rates reduced to zero. At this level the recoverable amount for all CGUs exceeded the carrying values by a significant amount.

14. TRADE RECEIVABLES

	31 May 2019 £m	31 May 2018 £m
Amounts due from brokers	245.4	332.3
Own funds in client money	53.9	50.0
Amounts due from clients	1.8	0.5
	301.1	382.8

Amounts due from brokers represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group. In addition to Amounts due from brokers, the Group held UK Government Securities as collateral at brokers, which are classified as financial investments in the Group's Statement of Financial Position.

Own funds in client money represents the Group's own cash held in segregated client funds, in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates and includes £13.5 million (31 May 2018: £11.9 million) to be transferred to the Group on the following business day.

Amounts due from clients arise when client total funds deposited with the Group are insufficient to cover any trading losses incurred or when a client utilises a trading credit limit, and is stated net of an allowance for impairment.

15. OTHER ASSETS

Other assets are cryptocurrencies and rights to cryptocurrencies, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to client cryptocurrency trading positions. The Group holds cryptocurrencies on exchange and in vaults as follows:

	31 May 2019 £m	31 May 2018 £m
Exchange	14.2	16.0
Vaults	18.9	11.2
	33.1	27.2

Other assets are measured at fair value. The fair value hierarchy is set out in note 26. Other assets are all level 2 assets. Rights to cryptocurrency assets held with exchanges are exposed to financial institution credit risk. All exchanges are unrated.

16. FINANCIAL INVESTMENTS

Financial investments are UK Government securities:

	31 May 2019 £m	31 May 2018 £m
Held as:		
Liquid asset buffer	84.4	83.1
Collateral at brokers	140.8	90.5
	225.2	173.6
Of which:		
Non-current portion	189.9	111.6
Current portion	35.3	62.0
	225.2	173.6

The effective interest rates of securities held at the year-end range from 0.06% to 1.04% (31 May 2018: 0.08% to 0.87%).

17. BORROWINGS

In June 2018 the Group renewed its credit facility with four UK banks. The credit facility is for £200 million, of which £100 million is a three year term loan which is fully drawn and which is repayable on maturing of the facility in June 2021. The term loan is stated net of £0.4 million of unamortised arrangement fees. The Group also has access to a £100 million Revolving Credit Facility with a maturity date of June 2020 having been extended by one year in June 2019. The Revolving Credit Facility was not drawn as at 31 May 2019.

18. TRADE PAYABLES

	31 May 2019 £m	31 May 2018 £m
Client funds	107.4	126.2
Amounts due to clients	3.0	0.5
	110.4	126.7

Client funds held on the Statement of Financial Position comprise title transfer funds and client deposits with the Group's Swiss banking subsidiary. These amounts are included within cash and cash equivalents on the Group's Statement of Financial Position.

Amounts due to clients represent balances that will be transferred from the Group's own cash into segregated client funds on the following business day in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

19. OTHER PAYABLES

	31 May 2019 £m	31 May 2018 £m
Accruals	53.9	68.5
Payroll taxes, social security and other taxes	6.1	6.2
	60.0	74.7

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20. CONTINGENT LIABILITIES AND PROVISIONS

There are no contingent liabilities that are expected to have a material adverse financial impact on the Group's Consolidated Financial Statements. The Group had no material provisions at 31 May 2019 (31 May 2018: £nil).

21. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital £m	*Share premium account* £m
Allotted and fully paid:			
(i) Ordinary shares (0.005p)			
At 31 May 2017	366,981,583	–	206.8
Issued during the year	907,872	–	-
At 31 May 2018	367,889,455	–	206.8
Issued during the year	955,000	–	-
At 31 May 2019	**368,844,455**	**–**	**206.8**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2018	65,000	–	-
At 31 May 2019	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2018	40,000	–	–
At 31 May 2019	**40,000**	**–**	**–**

During the year ended 31 May 2019 955,000 (31 May 2018: 907,872) ordinary shares with an aggregate nominal value of £47.75 (31 May 2018: £45.39) were issued to the Employee Benefit Trust in order to satisfy the exercise of Sustained Performance Plan and Long Term Incentive Plan awards, for consideration of £47.75 (31 May 2018: £45.39).

Except as the ordinary shareholders have agreed or may otherwise agree, on a winding up of the Company, the balance of assets available for distribution, after the payment of all of the Company's creditors and subject to any special rights attaching to other classes of shares, are distributed among the shareholders according to the amounts paid up on shares by them.

Deferred redeemable shares

These shares carry no entitlement to dividends and no voting rights.

Redeemable preference shares

The preference shares are entitled to a fixed non-cumulative dividend of 8.0% pa in preference to any other dividend. Redemption is only permissible in accordance with capital distribution rules or on the winding up of the Company where the holders are entitled to £1 per share plus, if the Company has sufficient distributable reserves, any accrued or unpaid dividends. The preference shares have no voting rights, except that they are entitled to vote should the Company fail to pay any amount due on redemption of the shares. The effective interest rate on these shares is 8.0% (31 May 2018: 8.0%).

22. OTHER RESERVES

	Share-based payments reserve £m	Foreign currency translation reserve £m	Own shares held in Employee Benefit Trusts £m	Transactions with non-controlling interests reserve £m	Available-for-sale reserve £m	FVOCI reserve £m	Total other reserves £m
At 31 May 2017	59.9	68.5	(3.3)	(2.1)	0.1	–	123.1
Equity-settled employee share-based payments	7.0	–	–	–	–	–	7.0
Foreign currency translation on overseas subsidiaries		(3.0)	–	–	–		(3.0)
Exercise of UK share incentive plans	(0.2)	–	0.2	–	–	–	–
Employee Benefit Trust purchase of shares	–	–	(4.3)	–	–	–	(4.3)
Change in value of available-for-sale financial assets	–	–	–	–	(0.2)	–	(0.2)
Transfer of share-based payment reserve	(51.0)	–	–	–	–	–	(51.0)
At 31 May 2018	15.7	65.5	(7.4)	(2.1)	(0.1)	–	71.6
Transfer of transactions with non-controlling interests reserve	–	–	–	2.1	–	–	2.1
Equity-settled employee share-based payments	7.2	–	–	–	–	–	7.2
Foreign currency translation on overseas subsidiaries	–	6.2	–	–	–	–	6.2
Exercise of UK share incentive plans	(0.9)	–	0.9	–	–	–	–
Employee Benefit Trust purchase of shares	–	–	(2.0)	–	–	–	(2.0)
Reclassification on IFRS 9 adoption	–	–	–	–	0.1	(0.1)	–
Change in value of financial assets held at fair value through other comprehensive income	–	–	–	–	–	0.6	0.6
Transfer of share-based payment reserve	(5.5)	–	–	–	–	–	(5.5)
At 31 May 2019	16.5	71.7	(8.5)	–	–	0.5	80.2

The share-based payment reserve relates to the estimated cost of equity-settled employee share plans, net of tax, based on a straight-line basis over the vesting period. The foreign currency translation reserve includes amounts in relation to the translation of overseas subsidiaries. The available-for-sale reserve and the fair value through other comprehensive income (FVOCI) reserve includes unrealised gains or losses in respect of financial investments, net of tax.

Own shares held in Employee Benefit Trusts

The movements in own shares held in Employee Benefit Trusts in respect of employee share plans during the year were as follows:

	Year ended 31 May 2019 Number	Year ended 31 May 2018 Number
At the beginning of the year	1,022,024	535,301
Subscribed for and purchased during the year	1,181,079	1,346,798
Exercise of own shares held in trust	(1,076,613)	(860,075)
At the end of the year	1,126,490	1,022,024

The Group has a UK-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Group's HM Revenue and Customs approved Share Incentive Plan (SIP). At 31 May 2019 339,934 ordinary shares (31 May 2018: 407,172) were held in the trust. The market value of the shares at 31 May 2019 was £1.9 million (31 May 2018: £3.5 million).

The Group has a Jersey resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Long Term Incentive Plan and Sustained Performance Plan. At 31 May 2019 the Trust held 745,694 ordinary shares (31 May 2018: 576,194). The market value of the shares at 31 May 2019 was £4.1 million (31 May 2018: £5.0 million).

The Group has an Australian resident Employee Equity Plan Trust which holds shares in the Company to satisfy awards under a SIP. At 31 May 2019 40,862 ordinary shares (31 May 2018: 38,658) were held in the trust. The market value of the shares at 31 May 2019 was £0.2 million (31 May 2018: £0.3 million).

23. EMPLOYEE SHARE PLANS

The Company operates three employee share plans; a Sustained Performance Plan (SPP), a Long-Term Incentive Plan (LTIP) and a Share Incentive Plan (SIP), all of which are equity-settled.

Sustained Performance Plan (SPP)

The SPP award was introduced in the year ended 31 May 2014 for the Group's Executive Directors and other selected senior employees. The Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the SPP, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity settled par value options, is based upon three performance conditions: Relative Total Shareholder Return (TSR), diluted earnings per share (EPS) and operational non-financial performance (NFP). Awards subsequently vest in tranches over the longer term, so the participant *retains an ongoing substantial stake in the share price performance of the Company.*

The following table shows the number of options in the SPP for the year ended 31 May 2019:

Award date	Performance period (year ended)	Share price at award	Expected full vesting date	At the start of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	Dividend equivalent awarded during the year Number	At the end of the year Number
4 Aug 2014	31 May 2014	609.90p	1 Aug 2025	161,826	–	(4,717)	(100,679)	4,696	61,126
6 Aug 2015	31 May 2015	742.55p	1 Aug 2025	169,387	-	(5,243)	(103,840)	5,021	65,325
2 Aug 2016	31 May 2016	868.65p	1 Aug 2025	445,358	–	(16,728)	(148,581)	23,348	303,397
1 Aug 2017	31 May 2017	626.50p	1 Aug 2025	327,497	–	(11,569)	(109,165)	17,213	223,976
7 Aug 2018	31 May 2018	893.00p	1 Aug 2025	-	879,737	(45,474)	(132,180)	58,452	760,535
Total				1,104,068	879,737	(83,731)	(594,445)	108,730	1,414,359

The average share price at exercise of options during the year was 894.53p.

The exercise price of all SPP awards is 0.005p.

Further information on the Company's SPP awards to Executive Directors is given in the Directors' Remuneration Report.

The SPP awards for the year ended 31 May 2019 will be granted post year-end following the approval of actual performance against targets set by the Remuneration Committee. A ten day share price averaging period, that commences after the Company's closed period, is utilised to convert the notional value awarded into a number of options (refer to the Directors' Remuneration Report for performance conditions).

The table below details the number of options expected to be awarded for the year ended 31 May 2019, based on the year end share price:

Expected award date	Closing share price at 31 May 2019	Expected full vesting date	Awards expected for the year ending 31 May 2019 Number
6 Aug 2019	547.20p	6 Aug 2025	406,840

23. EMPLOYEE SHARE PLANS CONTINUED

Long Term Incentive Plan (LTIP)

The LTIP has been made available to senior management who are not invited to participate in the SPP.

Awards under the LTIP are nominal cost options, which vest after three years, conditional upon continued employment at the vesting date. For each award made on 1 August 2017 and earlier a minimum performance target has to be achieved before any options vest and the options vest fully if the maximum performance target is achieved. For awards made from August 2018, there are no performance targets

The maximum number of LTIP awards that can vest under the awards made are.

Award date	Performance period (3 year period ended)	Share price at award	Expected vesting date	At the start of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	At the end of the year Number
6 Aug 2015	31 May 2018	734.50p	6 Aug 2018	362,308	–		(362,308)	-
12 Aug 2016	31 May 2019	898.45p	12 Aug 2019	258,075	–	(258,075)	–	–
1 Aug 2017	31 May 2020	626.50p	1 Aug 2020	494,037	–	(87,665)	–	406,372
7 Aug 2018	31 May 2021	893.00p	5 Aug 2021	–	310,040	(39,421)	–	270,619
Total				1,114,420	310,040	(385,161)	(362,308)	676,991

The exercise price of all options awarded under the LTIP is 0.005p.

Share Incentive Plan (SIP)

SIP awards are made available to all UK, Australian and USA employees. The terms of the award are approved by the Remuneration Committee.

The UK and Australian awards invite all employees to purchase up to £1,800/A$3,000 (31 May 2018: £1,800/A$3,000) of partnership shares, with the Company matching on a two-for-one (31 May 2018: two-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the partnership and matching shares held in trust for as long as they remain employees.

The USA award invites employees to invest a maximum of 5% of their salary semi annually to the award. The award runs for a six-month period and at the end of this period, the employees are invited to purchase shares in IG Group Holdings plc at a discount of 15% to the scheme price, being the lower of the opening share price and the closing share price for the period.

The maximum number of matching shares that can vest based on the SIP awards made are:

Country of award	Award date	Share price at award	Expected vesting date	At the start of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	At the end of the year Number
UK	6 Aug 2015	739.50p	6 Aug 2018	106,326	-		(106,326)	
Australia	12 Oct 2015	740.00p	12 Oct 2018	5,928		-	(5,928)	-
UK	2 Aug 2016	879.50p	2 Aug 2019	113,977		(12,785)	(3,017)	98,175
Australia	15 Jul 2016	930.00p	15 Jul 2019	8,338	–	(1,104)		7,234
UK	1 Aug 2017	626.50p	1 Aug 2020	127,568	–	(11,764)	(2,868)	112,936
Australia	15 Jul 2017	626.50p	15 Jul 2020	12,880		(798)		12,082
UK	7 Aug 2018	893.00p	7 Aug 2021	-	116,650	(7,346)	(2,013)	107,294
Australia	15 Jul 2018	935.84p	15 Jul 2021		12,422	(1,266)	–	11,156
Total				375,017	129,072	(35,063)	(120,149)	348,877

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. EMPLOYEE SHARE PLANS CONTINUED

Of the above SIP awards exercised during the year ending 31 May 2019, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
UK	6 Aug 2015	767.09p
Australia	12 Oct 2015	764.50p
UK	2 Aug 2016	668.25p
Australia	15 Jul 2016	548.50p
UK	1 Aug 2017	626.50p
Australia	15 Jul 2017	640.00p
UK	7 Aug 2018	871.26p
Australia	15 Jul 2018	859.50p

The weighted average exercise price of the SIP awards exercised during the year ending 31 May 2019 is 870.22p.

Accounting for share schemes

The IFRS expense recognised in the income statement in respect of share-based payments was £7.2 million (Year ended 31 May 2018: £7.0 million).

The fair value of the equity-settled share-based payments to employees is determined at the date at which a shared understanding of the terms and conditions of the arrangement is reached between the Company and the participants. The weighted average fair value of the equity-settled awards granted or deemed as such under IFRS2 during the year was £7.8 million (Year ended 31 May 2018: £8.1 million).

For SIP awards the fair value is determined to be the share price at the grant date without making an adjustment for *expected future dividends, as award recipients are entitled to dividends over the vesting period.*

For LTIP awards the fair value is determined to be the share price at grant date without making an adjustment for the expected future dividends as dividend equivalents are awarded on options granted under the LTIP.

For potential SPP awards made under the TSR criteria, fair value is calculated using an option pricing model prepared by advisers. For the SPP awards made under the EPS and NFP operational measures, the fair value is determined by taking the share price at deemed grant date less the present value of expected future dividends for the duration of the performance period. Dividend equivalents accrue under the SPP on awarded but not yet vested options post the performance period. Dividend equivalents cease to accrue on unexercised options after the vesting date.

The inputs below were used to determine the fair value of the TSR element of the SPP awards granted on 7 August 2018:

[illegible]	[illegible]
Share price at grant date (pence)	854.0p
Expected life of awards (years)	3
Risk-free sterling interest rate (%)	0.62%
IG Group Holdings plc expected volatility (%)	24.59%

Due to the small exercise price of 0.005p the risk-free rate has no impact on the fair value calculation.

IG Group Holdings plc's expected volatility is based on historical TSR volatility of IG Group Holdings plc measured daily over a period prior to the date of grant and commensurate with the remaining performance period.

The weighted average fair values for outstanding awards across all schemes are as follows.

	At start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At end of the year
Year ended 31 May 2019	**749.83p**	**845.11p**	**873.98p**	**736.38p**	**751.23p**
Year ended 31 May 2018	655.75p	860.99p	778.59p	605.53p	749.83p

24. OBLIGATIONS UNDER LEASES

Operating lease agreements

The Group has entered into leases on certain properties. Future minimum rentals payable under non-cancelliable operating leases are as follows:

	31 May 2019 £m	31 May 2018 £m
Future minimum payments due:		
Within one year	7.0	6.2
After one year but not more than five years	19.0	14.8
After more than five years	2.6	4.4
	28.6	25.4

25. RELATED PARTY TRANSACTIONS

The Group had no transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

The Directors and other members of management classified as 'persons discharging management responsibility' in accordance with the Market Abuse Regulation are considered to be the key management personnel of the Group in accordance with IAS 24. The Directors' Remuneration Report discloses all benefits and share-based payments earned during the year and the preceding year by the Executive Directors. The total compensation for key management personnel was as follows:

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Short-term employee benefits	6.0	4.3
Share-based payments	6.5	5.8
	12.5	10.1

The average number of key management personnel during the year was 10 (year ended 31 May 2018: 9).

26. FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The table below sets out the classification of each class of financial assets and liabilities and their fair values. The Group considers the carrying value of all financial assets and liabilities to be a reasonable approximation of fair value and represents the Group's maximum credit exposure as at the balance sheet date without taking account of any collateral held.

	Notes	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
31 May 2019						
Financial assets:						
Cash and cash equivalents		–	373.3	–	373.3	373.3
Financial investments	16	–	–	225.2	225.2	225.2
Total trade receivables – due to/from brokers	14	(28.6)	274.0	–	245.4	245.4
Trade receivables – own funds in client money	14	–	53.9	–	53.9	53.9
Trade receivables – due from clients	14	–	1.8	–	1.8	1.8
Other receivables		–	5.3	–	5.3	5.3
		(28.6)	708.3	225.2	904.9	904.9
Financial liabilities:						
Trade payables – client funds	18	–	(107.4)	–	(107.4)	(107.4)
Trade payables – amounts due to clients	18	–	(3.0)	–	(3.0)	(3.0)
Borrowings	17	–	(99.6)	–	(99.6)	(99.6)
		–	(210.0)	–	(210.0)	(210.0)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. FINANCIAL INSTRUMENTS CONTINUED

Accounting classifications and fair values

	Note	FVTPL held for trading £m	Loans and receivables £m	Amortised cost £m	Available for Sale £m	Total carrying amount £m	Fair value £m
31 May 2018							
Financial assets:							
Cash and cash equivalents		-	289.7	–	–	289.7	289.7
Financial investments	16	–	–	–	173.6	173.6	173.6
Total trade receivables – due (to)/from brokers	14	(17.4)	349.7	–	–	332.3	332.3
Trade receivables – own funds in client money	14	–	50.0	–	–	50.0	50.0
Trade receivables – due from clients	14	–	0.5	–	–	0.5	0.5
Other receivables		–	3.3	–	–	3.3	3.3
		(17.4)	693.2	–	173.6	849.4	849.4
Financial liabilities:							
Trade payables – client funds	18	–	–	(126.2)	–	(126.2)	(126.2)
Trade payables – amounts due to clients	18	-	-	(0.5)	–	(0.5)	(0.5)
Borrowings	17	–	–	–	–	–	-
		–	–	(126.7)	–	(126.7)	(126.7)

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows.

	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
31 May 2019				
Financial assets:				
Financial investments	225.2	–	–	225.2
Trade receivables – due (to)/from brokers	6.0	(34.6)	–	(28.6)

The fair value hierarchy, valuation techniques, and accounting estimates have not changed as a result of new accounting policies taking effect.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 assets are valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Group's own exchange-traded hedging positions. The quoted market price used for financial assets held by the Group is the period end bid price.

Level 2 assets are valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product used by the Group to hedge its market risk does not exist. This category includes the Group's own non-exchange-traded hedging positions. This comprises shares, foreign currency and foreign currency options. The fair values used in the valuation of these products are sometimes brokered values and may occur after the close of a market but before the measurement date. The effects of discounting are generally insignificant for these Level 2 financial instruments.

Level 3 assets are valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

There have been no changes in the valuation techniques for any of the Group's financial instruments held at fair value in the year *(31 May 2018: none). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers* into or out of Level 3 fair value measurements for years ended 31 May 2019 and 31 May 2018.

	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
31 May 2018				
Financial assets:				
Financial investments	173.6	–	–	173.6
Trade receivables – due (to)/from brokers	2.8	(20.2)	–	(17.4)

26. FINANCIAL INSTRUMENTS CONTINUED

Fair value of financial assets and liabilities measured at amortised cost

The hierarchy of the Group's financial instruments not carried at fair value is as follows

	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
31 May 2019				
Financial assets:				
Cash and cash equivalents	–	373.3	–	373.3
Trade receivables – due from brokers	–	274.0	–	274.0
Trade receivables – due from clients	–	1.8	–	1.8
Trade receivables – own funds in client money	–	53.9	–	53.9
Other receivables	–	5.3	–	5.3
Financial liabilities:				
Borrowings	–	99.6	–	99.6

	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
31 May 2018				
Financial assets:				
Cash and cash equivalents	–	289.7	–	289.7
Trade receivables – due from brokers	–	349.7	–	349.7
Trade receivables – due from clients	–	0.5	–	0.5
Trade receivables – own funds in client money	–	50.0		50.0
Other receivables	–	3.3	–	3.3
Financial liabilities:				
Borrowings	–	–		–

The fair value of the financial assets and liabilities measure at amortised cost approximate their carrying amount.

- Trade and other receivables (excluding the Group's open financial derivative hedging positions with brokers above)
- Cash and cash equivalents
- Trade and other payables
- Borrowings

The fair value hierarchy, valuation techniques, and accounting estimates have not changed as a result of new accounting policies taking effect.

Items of income, expense, gains or losses

All of the Group's gains and losses arising from financial assets and liabilities classified as fair value through the profit and loss are included in net trading revenue for the years ended 31 May 2019 and 31 May 2018.

Offsetting financial assets and liabilities

The following financial assets and liabilities have been offset in the Group's Statement of Financial Position and are subject to enforceable master netting agreements.

	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets £m
31 May 2019				
Financial assets				
Trade receivables – due from/(to) brokers	14	610.6	(365.2)	245.4
		610.6	(365.2)	245.4

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26. FINANCIAL INSTRUMENTS CONTINUED

Accounting classifications and fair values

	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets £m
31 May 2018				
Financial assets				
Trade receivables – due from/(to) brokers	14	643.3	(311.0)	332.3
		643.3	(311.0)	332.3

Trade receivables – due from/(to) brokers have been presented gross to present the impact of offsetting. The Group is entitled to offset amounts due from/(to) brokers on a broker account level.

27. FINANCIAL RISK MANAGEMENT

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks. Details of how risks are managed are discussed in the risk management section on page 56.

Market risk

Market risk disclosures are analysed into these categories:

- non-trading interest rate; and
- price and foreign currency risk, which is further analysed between the impact on financial investments held at fair value through other comprehensive income and the impact on the Group's year end net trading book position. The Group's foreign currency exposure on its financial assets and liabilities denominated in currencies other than the reporting currency is included in the trading book.

Where applicable, the quantified maximum exposures for the Group from each risk category are disclosed below.

Non-trading interest rate risk

The Group has interest rate risk relating to financial instruments on its Statement of Financial Position not held at fair value through profit or loss. These exposures are not hedged.

The interest rate risk profile of the Group's financial assets and liabilities at each year-end was as follows:

	Within 1 year		Between 1 and 5 years		Total	
	31 May 2019 £m	31 May 2018 £m	**31 May 2019 £m**	31 May 2018 £m	**31 May 2019 £m**	31 May 2018 £m
Fixed rate:						
Financial investments	35.3	62.0	189.9	111.6	225.2	173.6
Floating rate:						
Cash and cash equivalents	373.3	289.7	–	–	373.3	289.7
Trade receivables – due from brokers	245.4	332.3	–	–	245.4	332.3
Trade payables – client funds	(110.4)	(126.2)	–		(110.4)	(126.2)
Borrowings	–		(99.6)	-	(99.6)	
	543.6	557.8	90.3	111.6	633.9	669.4

There are no financial assets and liabilities which are held for a period over five years.

Non trading interest rate risk sensitivity analysis – fixed rate

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The level of future fixed interest receivable would be similar to that received in the year and is considered immaterial to the Group's profit for the year.

Non trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

27. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate sensitivity has been performed on floating rate financial instruments by considering a 0.5% interest rate decrease on the financial assets and a 0.5% increase on the financial liabilities held at Statement of Financial Position date. The impact of such a movement on the Group's profit for the year is shown below:

	Year ended 31 May 2019			
	Cash and cash equivalents £m	Trade receivables – due from brokers £m	Trade payables – client funds £m	Loans and borrowings £m
Impact:	(1.9)	(1.2)	0.6	0.5

	Year ended 31 May 2018			
	Cash and cash equivalents £m	Trade receivables – due from brokers £m	Trade payables – client funds £m	Loans and borrowings £m
Impact:	(1.4)	(1.6)	0.6	–

The net impact of such a movement in interest rates is considered to be immaterial to the Group's profit for the year.

Price risk

The Group is exposed to investment securities price risk because financial investments held by the Group and classified on the Group's Statement of Financial Position as fair value through other comprehensive income are priced based on closing market prices published by the UK Debt Management Office.

The table below summarises the impact of decreases in the value of financial investments on the Group's post-tax gain or loss on equity. The analysis is based on the assumption that the value of financial investments has decreased by 1% with all other variables held constant.

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Impact on FVOCI reserve (equity)	(2.3)	
Impact on available for sale reserve (equity)		(1.7)

The financial impact of such a movement in fair value is considered to be immaterial to the Group.

The Group is also exposed to price and foreign currency risk in relation to its net trading book position. The Group accepts some exposure to market risk in order to optimise the efficiency and effectiveness of its services to clients. The Group manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach predefined limits. The Group's risk management framework is set out on page 56 of the Annual Report.

The table below summarises the impact on the Group's net trading revenue of a 5% adverse market movement on the Group's residual exposure at 31 May 2019. The analysis is based on the assumption that the value of each asset class has decreased with all other variables held constant.

	31 May 2019		31 May 2018	
	Notional exposure £m	Impact £m	Notional exposure £m	Impact £m
Indices and equities	8.5	(0.5)	27.0	(1.4)
Foreign exchange	7.0	(0.3)	10.0	(0.5)
Commodities	5.4	(0.3)	2.0	(0.1)

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk

The table below illustrates the sensitivity of the Group's net assets with regard to currency movements on financial assets and liabilities included in the Balance Sheets of non GBP functional currency entities which are denominated in the functional currency of that entity (and which are not held at fair value through profit and loss) as at the year-end.

Based on a 5% weakening in the following exchange rates, the effect on the Group's net assets would be as follows:

	Year ended 31 May 2019					
	US Dollar £m	Euro £m	Yen £m	South African Rand £m	Swiss franc £m	Other £m
Impact:	(5.0)	1.0	0.7	(0.9)	(1.1)	0.2

	Year ended 31 May 2018					
	US Dollar £m	Euro £m	Yen £m	South African Rand £m	Swiss franc £m	Other £m
Impact:	(3.6)	0.2	(0.3)	(0.7)	(1.1)	(0.9)

Credit risk

The principal sources of credit risk to the Group's business are from financial institutions and individual clients.

Amounts due from financial institutions, which are stated net of an expected credit loss of £nil, are all less than 30 days due. Amounts due from clients, which are stated net of an expected credit loss of £9.3 million at 31 May 2019 (31 May 2018: impairment of £11.0 million), include both amounts less than and greater than 30 days past due.

The analysis in the following table shows credit exposures by credit rating.

	Cash and cash equivalents		Trade receivables – due from brokers		Trade receivables – amounts due from clients		Financial investments – own funds in client money	
	31 May 2019 £m	31 May 2018 £m	**31 May 2019 £m**	31 May 2018 £m	**31 May 2019 £m**	31 May 2018 £m	**31 May 2019 £m**	31 May 2018 £m
Credit rating:								
AA+ & above	30.4	42.6	–	–	–	–	–	–
AA to AA-	22.8	8.2	42.4	42.3	–		1.7	0.1
A+ to A-	305.4	188.5	182.3	183.6	–	–	44.6	43.4
BBB+ to BBB-	2.7	39.6	14.7	71.1	–	–	4.9	5.3
BB+ to B	11.5	10.3	0.1	27.3	–		–	
CCC	–	–	–	–	–	–	–	–
Unrated	0.5	0.5	5.9	8.0	1.8	0.5	2.7	1.2
Total carrying amount	373.3	289.7	245.4	332.3	1.8	0.5	53.9	50.0

Loss allowance

Below is a reconciliation of the total loss allowance.

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
At the beginning of the year	11.0	13.9
Loss allowance for the year:		
– gross charge for the year	2.2	2.5
– recoveries	(1.2)	(2.4)
debts written off	(2.8)	(2.7)
Foreign exchange	0.1	(0.3)
At the end of the year	9.3	11.0

The loss allowance has been calculated in accordance with the Group's expected credit loss model. The following table provides an overview of the Group's credit risk by Stage and the associated loss allowance. The financial instruments that are assessed in accordance with the Simplified Approach as permitted by IFRS 9 are trade receivables (excluding derivative amounts due from brokers).

27. FINANCIAL RISK MANAGEMENT CONTINUED

	31 May 2019					31 May 2018
	Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Simplified Approach £m	Total £m	Total £m
Credit grade:						
Investment grade	586.5	–	–	319.2	905.7	815.6
Non-investment grade	12.0	–	–	15.8	27.8	47.9
Gross carrying amount	598.5	–	–	335.0	933.5	863.5
Loss allowance	–	–	–	(9.3)	(9.3)	(11.0)
Total carrying amount	598.5	–	–	325.7	924.2	852.5

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2019 was £58.6 million (A+ rated) (31 May 2018: £67.4 million (A+ rated)). Included in cash and cash equivalents, the Group's largest credit exposure to any bank at 31 May 2019 was £99.7 million (A rated) (31 May 2018: £86.4 million (A rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

Liquidity risk

Amounts receivable and payable on demand:

The Group's Financial instruments are all repayable on demand, with the exception of the Group's term loan which is repayable in full in June 2021.

The Group has non-derivative cash flows payable over 5 years in relation to the redeemable preference shares of £40,000 at 31 May 2019 (31 May 2018: £40,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. CASH GENERATED FROM OPERATIONS

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Operating activities		
Operating profit	192.9	281.1
Depreciation and amortisation	17.3	17.6
Share-based payments charge	7.2	7.0
(Increase)/decrease in trade and other receivables and other assets	72.5	(52.1)
Increase/(decrease) in trade and other payables	(33.1)	23.0
Cash generated from operations	256.8	276.6

29. SUBSEQUENT EVENTS

On 19 June 2019 the Group extended its £100 million revolving credit facility by one year.

30. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2018, except for the changes in accounting policies related to the new accounting standards described below.

New accounting standards and interpretations - standards and amendments adopted during the year
(1) IFRS 9 – Financial instruments
Impact on the Financial Statements
The Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for periods that commence on or after 1 January 2018.

The Group's balances that are within the scope of IFRS 9 are Financial investments, Cash and cash equivalents, Trade receivables and Other receivables. IFRS 9 introduced new requirements for the classification and measurement of financial assets, impairment of financial assets, and general hedge accounting.

Classification and measurement of financial assets: Financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost, fair value through profit and loss, or fair value through other comprehensive income. Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Rules relating to the classification and measurement of financial liabilities, and for derecognition of assets and liabilities in IFRS 9 are broadly unchanged from those in IAS 39.

Impairment: IFRS 9 replaces the 'incurred loss' approach of IAS 39 with an 'expected credit loss' approach. The Group is required to recognise an expected credit loss on financial assets including financial investments and trade receivables recorded at fair value through other comprehensive income and amortised cost. The expected credit loss approach requires the Group to account for expected credit losses at initial recognition, and to account for changes in the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit loss event to have occurred before credit losses are recognised.

The Group does not undertake any hedge accounting so this change had no impact on the Consolidated Financial Statements for the year ended 31 May 2019.

Impact of adoption
The Group adopted IFRS 9 with effect from 1 June 2018 and in accordance with the transition requirements of IFRS 9 the Group has not restated comparative information for the year ended 31 May 2018. Adoption of IFRS 9 has had an impact on the classification of financial instruments. It has not had an impact on impairment.

Reclassification: On transition to IFRS 9 the Group assessed its business model to determine the appropriate classifications. The Group's business model is primarily to hold and collect, except for financial investments which are held to collect and sell, and certain amounts due from brokers relating to hedging positions which are held for trading. Adoption of IFRS has resulted in the following reclassifications:

- Trade receivables (excluding amounts due from brokers), other receivables and cash and cash equivalents were classified as loans and receivables under IAS 39. These financial assets have been reclassified as financial assets measured at amortised cost.
- Trade receivables (amounts due from brokers) consisted of assets classified as held for trading and assets classified as loans and receivables under IAS 39. These assets have been reclassified as assets held at fair value through profit and loss, and financial assets held at amortised cost.

30. ACCOUNTING POLICIES CONTINUED

- Financial investments were categorised as available for sale under IAS 39. These assets have been reclassified as assets held at fair value through other comprehensive income
- There were no financial assets or financial liabilities which the Group had previously designated as held at fair value through profit and loss under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as held at fair value through profit and loss at the date of initial application of IFRS 9

The reclassifications did not result in a change of measurement of the financial assets

Impairment: there was no impact on the Group's loss allowances arising from the adoption of IFRS 9.

(2) IFRS 15 Revenue from Contracts with Customers
The Group has adopted IFRS 15 Revenue from Contracts with Customers with effect from 1 June 2018. The Group has taken into consideration the following matters when assessing whether, and to what extent, IFRS 15 adoption would have had an impact on the Group's accounting:

- Additional performance obligations recognised in contracts with customers
- Changes in timing of recognition of revenue
- Variable consideration
- Significant financing components

The Group has four revenue generating models; OTC leveraged derivatives, exchange traded derivatives, stock trading, and investments. The Group has reviewed each of its revenue generating models for potential impact and concluded that for each of these models the recognition policy is compliant with IFRS 15.

There is no change in the Group's accounting policies from the adoption of IFRS 15, no impact on the timing and method of revenue recognition, and no material impact on the financial statements of the Group

Standards not yet adopted:
(1) IFRS 16 Leases
IFRS 16 was endorsed by the EU in November 2017 and is effective for periods beginning on or after 1 January 2019. The Group had not adopted the standard early. Therefore, it will first be applicable to the Group's accounting period starting 1 June 2019

IFRS 16 introduces a fundamental change in the accounting by the lessee, including for subleases. For lessees, the 'off balance sheet' operating lease accounting treatment is no longer available, with the exception of short term leases (less than 12 months) or low value leases.

In terms of the transition to IFRS 16, the Group can choose to apply one of two transition methods:

- the full retrospective transition method, whereby IFRS 16 is applied to all its contracts as if it had always been applied; or
- the modified retrospective approach which includes optional practical expedients

It is expected that the Group will choose to adopt the modified retrospective approach in order to benefit from the practical expedients which are offered.

IFRS 16 requires all leases, except for short term or low value leases, to be recognised as an asset on the balance sheet, with a corresponding lease liability recognised for the present value of the future lease payments. This has the effect of grossing up the balance sheet by the value of future minimum rentals payable under operating leases. The depreciation of the asset will then be recognised annually in the income statement. The impact on the income statement is not expected to be material as the annual lease operating expense recognised under IAS 17 is likely to be broadly the same as the annual depreciation charge recognised under IFRS 16

IFRS 16 *is expected to have a material impact on the Group's balance sheet when it is adopted from* 1 June 2019. The opening balance sheet will be adjusted to create a right of use asset of approximately £23.3 million, a lease liability of £22.6 million, and an increase in retained earnings of £0.7 million. This is not expected to have a significant impact on the Group's regulatory capital requirements.

Going concern
The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further detail is contained in the Going Concern and Viability Statement included in the Strategic Report on page 71.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. ACCOUNTING POLICIES CONTINUED

Basis of consolidation

Subsidiaries

The Group financial statements consolidate the financial results of IG Group Holdings plc and the entities it controls (its subsidiaries) as listed on page 173.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities, and control is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The results, cash flows and final positions of the subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-company balances and transactions between Group entities, including unrealised profits arising from them, are eliminated on consolidation.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of an acquisition is measured at the fair value of consideration paid including an estimate of any contingent or deferred consideration. Contingent or deferred consideration is re-measured at each statement of financial position date with periodic changes to the estimated liability recognised in the Consolidated Income Statement. Acquisition related costs are expensed as incurred. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Segmental information

The Group's segmental information is disclosed in a manner consistent with the basis of internal reports regarding components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM), who for the Group are the Executive Directors, in order to assess the performance and to allocate resources to those 'operating segments'. The Group has therefore determined its operating segments based on the management information received on a regular basis by the Executive Directors of the IG Group Holdings plc Board as they are considered to be the CODM. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated.

Foreign currencies

The Group's functional currency is Sterling. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are revalued at the functional currency rate of exchange prevailing on the same date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on revaluation are taken to the income statement.

The functional currency of each company in the Group is that of the country of incorporation (as disclosed in note 31) as this is consistent with the primary economic environment in which the entity operates. The exception to this is entities located in the United Arab Emirates, (IG Limited), and the Group's Financial Domain entities, which have a functional currency of USD. On consolidation, the assets and liabilities of the Group's overseas operations are translated into Sterling at exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred directly to a translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue recognition

Trading revenue includes revenue arising from each of the Group's four revenue generation models: OTC leveraged derivatives, exchange traded derivatives, stock trading, and investments.

OTC leveraged derivatives

Revenue from the OTC leveraged derivatives business represents:

i) fees paid by clients for spread, commission and funding charges in respect of the opening, holding and closing of financial spread bets, contracts for difference or options contracts, together with gains and losses for the Group arising on client trading activity; less.

30. ACCOUNTING POLICIES CONTINUED

i) fees paid by the Group in spread, commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with gains and losses incurred by the Group arising on hedging activity.

Open client and hedging positions are fair valued on a daily basis and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed. The policies and methodologies associated with the determination of fair value are disclosed in note 26, Financial Instruments.

(a) Exchange traded derivatives
Revenue from exchange traded derivatives represents fees paid by members of the Group's regulated futures and options exchange, with members of the exchange charged a fee per transaction undertaken, together with gains and losses incurred by the Group arising on its market making activity on the exchange.

(b) Stock trading
Revenue from stock trading represents fees and commission earned from the stock trading service after deducting contracting and trade settlement fees payable to third party brokers. Revenue is recognised in full on the date of trade being placed or the fee being charged.

(c) Investments
Revenue from investments represents management fees, which are earned as a percentage of assets under management. These are recognised over the period in which the service is provided.

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured. Revenue is shown net of sales taxes and excluding any inter-company transactions.

Trading revenue is reported before introducing partner commission, betting duties and financial transaction taxes, which are disclosed as an expense in arriving at net operating income.

Net trading revenue, disclosed on the face of the Consolidated Income Statement and in the Notes to the Financial Statements, represents trading revenue after taking account of introducing partner commission, as this is consistent with the management information received by the CODM.

Income earned from clients for market data, such as chart fees, and income earned from charging clients for funding using debit and credit cards, are netted within operating costs as the amounts involved are not considered material.

Finance income and costs on segregated client funds
Interest income and expense on segregated client funds is accrued on a time basis, by reference to the principal outstanding and at the credit interest rate applicable. The credit interest rate is the rate client money banks pay on client money.

Interest income and interest expense on segregated client funds are disclosed within operating profit, as this is consistent with the nature of the Group's operations.

Dividends
Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Employee benefits
(a) Pension obligations
The Group operates defined contribution schemes. Contributions are charged to the income statement as and when they become payable according to the rules of the schemes. Once the contributions have been paid the Group has no legal or constructive obligations to pay further contributions.

(b) Bonus schemes
The Group recognises an accrual and an expense for bonuses based on formulae that take into consideration specific financial and non-financial measures.

(c) Termination benefits
Termination benefits are payable when an employment contract is terminated by the Group. The Group recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. ACCOUNTING POLICIES CONTINUED

Operating leases

Leases are classified as operating leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Taxation

The income tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates in the respective jurisdictions that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences may be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based upon estimated useful lives. Estimated residual values and useful lives are reviewed on an annual basis and residual values are based on prices prevailing at the statement of financial position date. Depreciation is charged on a straight-line basis over the expected useful lives as follows:

Leasehold improvements	-	over the lease term of up to 15 years
Office equipment, fixtures and fittings	-	over 5 years
Computer and other equipment	-	over 2, 3 or 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in the income statement in the period of derecognition.

30. ACCOUNTING POLICIES CONTINUED

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition (fair value of consideration paid) over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and is allocated to cash-generating units for purposes of impairment testing. Cash-generating units represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Business combinations are accounted for using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination such as a trade name or customer relationship is recognised at fair value and identified separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have been confirmed;
- probable future economic benefit has been established.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Internally developed software		straight-line basis over 3 years
Software and licences		straight line basis over the contract term of up to 5 years
Trade names		straight-line basis over 2 years
Client lists and customer relationships	–	straight line basis over 3 years
Domain names and generic top-level domains	–	straight-line basis over 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed before being brought into use.

Impairment of non-financial assets

When impairment testing is required, the Directors review the carrying amounts of the Group's property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists (or at least annually for goodwill), the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. ACCOUNTING POLICIES CONTINUED

The recoverable amount is the higher of fair value less selling costs and value in-use. In assessing value in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate. This rate reflects current market assessments of the time value of money as well as the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, although impairment losses relating to goodwill may not be reversed.

Financial instruments

From 1 June 2018 the Group applies the following accounting policies in respect of financial instruments.

Financial instruments – Classification, recognition and measurement

The Group determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each financial year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Financial instruments are disclosed in note 26 to the financial statements.

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit and loss are financial assets that are not classified and measured at amortised cost or as fair value through other comprehensive income. The financial assets included in this classification are the financial derivative open positions included in trade receivables (due from brokers) as shown in the Consolidated Statement of Financial Position and related notes. The Group uses derivative financial instruments, in order to hedge derivative exposures arising from open client positions, which are also classified as fair value through profit and loss.

All financial instruments at fair value through profit or loss are carried in the Consolidated Statement of Financial Position at fair value with gains or losses recognised in trading revenue in the Consolidated Income Statement.

(b) Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise 'trade receivables', 'other receivables' and 'cash and cash equivalents'.

(c) Financial assets measured as fair value through other comprehensive income

Financial assets measured as fair value through other comprehensive income are assets that are held to collect the contractual cash flows or to be sold. The contractual terms of these assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's fair value through other comprehensive income financial assets are 'financial investments'.

(d) Financial liabilities

The Group's financial liabilities include trade payables and borrowings. These are measured subsequently at amortised cost using the effective interest method. The interest expense is calculated each reporting period by applying the effective interest rate, and the resulting charge is reflected in finance costs on the Consolidated Income Statement.

30. ACCOUNTING POLICIES CONTINUED

(e) Determination of fair value

Financial instruments arising from open client positions and the Group's hedging positions are stated at fair value and disclosed according to the valuation hierarchy required by IFRS 7. Fair values are predominantly determined by reference to third party market values (bid prices for long positions and offer prices for short positions) as detailed below:

- Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments
- Level 2: Valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product offered by the Group to its clients or used by the Group to hedge its market risk does not exist
- Level 3: Valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

Financial instruments – Impairment of financial assets

The impairment charge in the Consolidated Income Statement includes the change in expected credit losses. Expected credit losses are recognised for trade receivables (excluding amounts due from brokers held at fair value through profit and loss), cash and cash equivalents, other receivables and financial investments. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive given the probability of default and loss given default, discounted at the original effective interest rate.

At initial recognition of financial assets, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is made for expected credit losses resulting from possible default events over the expected life of the financial asset. Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly considers changes in credit rating associated with the asset, whether contractual payments are more than 30 days past due and other reasonable information demonstrating otherwise. The Group considers a financial instrument to have low credit risk when it has an external credit rating of 'investment grade' or if no external credit rating is available, in accordance with the Group's internal credit risk management definition. This *approach has not resulted in a material difference in the impairment allowance under an expected credit loss approach for* the Group.

Assets are transferred to stage 3 when an event of default, as defined in the Group's credit risk management policy, occurs or where the assets are credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Group uses this 90 day basis for all assets except for receivables from clients where it uses 180 days, as this aligns with the Group's risk management practices.

All changes in expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are normally written off, either partially or in full, against the related allowance when the Group has no reasonable expectations of partial or full recovery of the asset. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Consolidated Income Statement.

Financial instruments – Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired, the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. ACCOUNTING POLICIES CONTINUED

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

(c) Offsetting financial instruments

Assets or liabilities resulting from profit or losses on open positions are carried at fair value. Amounts due from or to clients and brokers are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade payables and receivables

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount due to the Group.

Trade payables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions results in an amount payable by the Group.

Trade receivables do not contain a significant financing element and so the Group has adopted the simplified approach permitted by IFRS 9. This approach requires expected lifetime credit losses to be recognised at initial recognition of the financial asset. The loss allowance is calculated by reference to an ageing debt profile, and trade receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

Other assets

Other assets represent rights to cryptocurrencies and cryptocurrencies controlled by the Group. The Group offers various cryptocurrency-related products that can be traded on its platform. The Group purchases and sells cryptocurrencies as part of its hedging.

At present there is a lack of guidance available on how cryptocurrency assets should be accounted for and subsequently disclosed in accordance with IFRS as adopted by the EU. The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker dealer in respect of the underlying cryptocurrency asset (because the salient features of these assets are, in economic terms, consistent with certain commodities) under IAS 2.3(b).

The assets are measured at fair value less costs to sell with changes in valuation being recorded in the Consolidated Income Statement in the period in which they arise. Cryptocurrency assets are not financial instruments and they are categorised as non-financial assets.

Other receivables

Other receivables are financial assets which give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are assets that have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant.

Other receivables do not contain a significant financing element and so the Group has adopted the simplified approach permitted by IFRS 9. This approach requires expected lifetime credit losses to be recognised at initial recognition of the financial asset. The loss allowance is calculated by reference to an ageing debt profile, and trade receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

Prepayments

Prepayments are assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the receivables are derecognised or impaired, and when economic benefit is consumed. A provision for impairment is established where there is objective evidence of non-collectability.

30. ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Consolidated Cash Flow Statement, net cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The majority of the Group's cash balances are held with investment grade banks. The Group considers the risk of default, and how adverse changes in economic and business conditions might impact the ability of the banks to meet their obligations. The Group assesses the expected credit losses on cash and cash equivalents on a forward-looking basis and the impairment methodology depends on whether there has been a significant increase in credit risk since initial recognition.

The Group holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA) and other regulatory bodies. Such monies are classified as either 'cash and cash equivalents' or 'segregated client funds' in accordance with the relevant regulatory requirements. Segregated client funds comprise individual client funds held in segregated client money accounts. Segregated client money accounts restrict the Group's ability to control the monies and accordingly such amounts are not held on the Group's Consolidated Statement of Financial Position.

The amount of segregated client funds held at year-end was £1,349.2 million (31 May 2018: £1,386.9 million) and the amount of segregated client assets was £1,096.8 million (31 May 2018: £945.0 million). These amounts are held off-balance sheet. The return received on managing segregated client funds is included within net operating income.

In addition, the Group's Swiss banking subsidiary, IG Bank S.A., is required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 31 May 2019, IG Bank S.A. was required to hold £20.0 million (31 May 2018: £15.4 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in cash and cash equivalents on the Consolidated Statement of Financial Position.

Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group. Title transfers funds are accordingly held on the Group's Consolidated Statement of Financial Position with a corresponding liability to clients within trade payables.

Financial investments

Financial investments are held as fair value through other comprehensive income and are non-derivative financial assets. Financial investments are recognised on a trade date basis. They are initially recognised at fair value plus directly related transactions costs. They are subsequently carried at fair value. Fair value is the quoted market price of the specific investments held.

Unrealised gains or losses, other than loss allowances for expected credit losses for investments measured at FVOCI, are reported in equity (in the fair value through other comprehensive income reserve) and in other comprehensive income, until such investments are sold, collected or otherwise disposed of.

On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the Consolidated Income Statement for the period and reported in other income. Gains and losses on disposal are determined using the fair value of the investment at the date of derecognition.

Interest on financial investments is included in finance income using the effective interest rate method. The effective interest rate is either the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider expected credit losses unless the asset is credit impaired. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IFRS 15 Revenue from Contracts with Customers), transaction costs, and all other premiums or discounts.

When an investment measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Consolidated Income Statement as a reclassification adjustment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. ACCOUNTING POLICIES CONTINUED

Other payables

Non-trading financial liabilities are recognised initially at fair value and carried at amortised cost using the effective interest rate method if the time value of money is significant

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated

Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, taking into consideration the term of the borrowings, an assessment is made whether to state at amortised cost, with any difference between net proceeds and the redemption value being recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest rate method.

Share Capital

(a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(b) Own shares held in Employee Benefit Trusts

Shares held in Employee Benefit Trusts for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

(c) Share-based payments

The Company operates three employee share plans: a Share Incentive Plan, a Sustained Performance Plan and a Long Term Incentive Plan.

For market-based vesting conditions, the cost of these awards is measured at fair value calculated using option pricing models (refer to the share-based payment note for additional detail of the models and assumptions used for the various award schemes) and are recognised as an expense in the income statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will eventually vest

For non-market-based vesting conditions, at each statement of financial position date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement as part of operating expenses, with a corresponding credit to equity.

The grant by the Company of options over its equity instruments to employees of the subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity.

31. LIST OF INVESTMENTS IN SUBSIDIARIES

The following companies are all owned directly or indirectly by IG Group Holdings plc:

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
Subsidiary undertakings held directly:				
IG Group Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Holding company
Subsidiary undertakings held indirectly:				
IG Index Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Spread betting
IG Markets Limited		Ordinary shares	100%	CFD trading, foreign exchange and market risk management
IG Markets South Africa Limited		Ordinary shares	100%	CFD trading
Market Data Limited		Ordinary shares	100%	Data distribution
IG Nominees Limited		Ordinary shares	100%	Nominee company
IG Knowhow Limited		Ordinary shares	100%	Software development
Extrabet Limited		Ordinary shares	100%	Non-trading
IG Finance		Ordinary shares	100%	Financing
IG Finance Two		Ordinary shares	100%	Financing
IG Finance Three		Ordinary shares	100%	Financing
IG Finance Four		Ordinary shares	100%	Financing
IG Finance 5 Limited		Ordinary shares	100%	Financing
IG Forex Limited		Ordinary shares	100%	Financing
IG Spread Betting Limited		Ordinary shares	100%	Financing
IG Finance 8 Limited		Ordinary shares	100%	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Limited		Ordinary shares	100%	Holding company
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Holding company
Financial Domaigns Registrar Limited		Ordinary shares	100%	Domains registrar
Financial Domaigns (Services) Limited		Ordinary shares	100%	Domains registry
DotSpreadbetting Registry Limited		Ordinary shares	100%	Domains registry
DotMarkets Registry Limited		Ordinary shares	100%	Domains registry
DotTrading Registry Limited		Ordinary shares	100%	Domains registry
DotCFD Registry Limited		Ordinary shares	100%	Domains registry
DotBroker Registry Limited		Ordinary shares	100%	Domains registry
DotForex Registry Limited		Ordinary shares	100%	Domains registry
Deal City Limited		Ordinary shares	100%	CFD trading
InvestYourWay Limited		Ordinary shares	100%	Non-trading
IG Trading and Investments Limited		Ordinary shares	100%	Non-trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne VIC 3000 Australia	Ordinary shares	100%	Sales and marketing office
IG Share Trading Australia Pty Limited		Ordinary shares	100%	Non-trading
IG Asia Pte Limited	9 Battery Road, 01-02 MYP Centre, 049910 Singapore	Ordinary shares	100%	CFD trading and foreign exchange
Kunxin Translation (Shenzhen) Co. Limited	Unit 04-c, Level 13, Tower 3, Kerry Plaza, No.1 Zhong Xin Si Road, Futian District Shenzhen 518048, P.R. China	Ordinary shares	100%	Translation services
IG Securities Limited	Shiodome City Centre, 1-5-2 Higashi-Shinbashi, Minato-ku, Tokyo, 105 7110 Japan	Ordinary shares	100%	CFD trading and foreign exchange
FXOnline Japan Co. Limited		Ordinary shares	100%	Non-trading

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31. LIST OF INVESTMENTS IN SUBSIDIARIES CONTINUED

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
IG Europe GmbH	Berliner Allee 10, 40212 Düsseldorf, Germany	Ordinary shares	100%	CFD trading and foreign exchange
IG Bank S.A.	42 Rue du Rhone, Geneve, 1204 Switzerland	Ordinary shares	100%	CFD trading and foreign exchange
IG Infotech (India) Private Limited	Infinity, 2nd Floor, Katha No 436, Survey No 13/1B, 12/2B, Challagatta Village, Bangalore, 560071 India	Ordinary shares	100%	Software development
IG US Holdings Inc.	2711 Centreville Road, Suite 400, Wilmington, Delaware, 19808, United States	Ordinary shares	100%	Holding company
North American Derivatives Exchange Inc		Ordinary shares	100%	Exchange
Market Risk Management Inc.		Ordinary shares	100%	Market maker
FX Publications Inc		Ordinary shares	100%	Publications
Nadex Domains Inc.		Ordinary shares	100%	Domains registry
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub Limited	*57/63 Line Wall Road,* Gibraltar	*Ordinary shares*	100%	*Financing*
Fox Sub Two Limited		*Ordinary shares*	100%	*Financing*
Fox Japan Holdings		Ordinary shares	100%	Holding company
IG Limited	Office 2&3, Level 27, Currency House – Tower 2, Dubai International Financial Centre, P O Box – 506968 Dubai, United Arab Emirates	Ordinary shares	100%	CFD trading and foreign exchange
Brightpool Limited	Christodoulou Chatzipavlou, 221 Helios Court, 3rd floor 3036, Limassol Cyprus	*Ordinary shares*	100%	Market maker
IG Markets Kenya Limited	William House, Nairobi, Nairobi West District, PO Box 40111 Kenya, 00100	Ordinary shares	100%	Non-trading
Spectrum MTF Operator GmbH Raydius GmbH	Westhafenplatz 1, 60327 Frankfurt am Main, Germany	Ordinary shares	100%	MTF operator Issuer of turbo warrants

The following UK entities, all of which are 100% owned by the Group, are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: IG Finance (05024562), IG Finance Two (05127194), IG Finance Three (05297886), IG Finance 5 Limited ([illegible]), IG Finance 9 Limited (07306407), Financial Domaigns Limited ([illegible]), Financial Domaigns Registry Holdings Limited (09235699), Financial Domaigns Registrar Limited (09235694), Financial Domaigns (Services) Limited (09235591), DotMarkets Registry Limited (09237699), DotTrading Registry Limited (09237708), DotCFD Registry Limited (09237732), DotBroker Registry Limited (09237714), DotForex Registry Limited (09237740), DotSpreadbetting Registry Limited (09237702), InvestYourWay Limited (07081901), Deal City Limited (09655230) and Extrabet Limited (04560348).

The following UK entities, all of which are 100% owned by the Group, are exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries: IG Nominees Limited (04371444), IG Finance Four (05312015), IG Spread Betting Limited (06806588), IG Finance 8 Limited (06807656), IG Forex Limited (06808361) and IG Trading and Investments Limited ([illegible]).

Employee Benefit Trusts:
IG Group Holdings plc Inland Revenue Approved Share Incentive Plan (UK Trust)
IG Group Limited Employee Benefit Trust (Jersey Trust)
IG Group Employee Equity Plan Trust (Australian Trust)

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COMPANY STATEMENT OF FINANCIAL POSITION

	Note	31 May 2019 £m	31 May 2018 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	508.6	501.3
		508.6	501.3
Current assets			
Prepayments		0.2	0.2
Other receivables	9	168.1	136.5
Cash and cash equivalents		0.8	0.1
		169.1	136.8
TOTAL ASSETS		677.7	638.1
Liabilities			
Current liabilities			
Other payables	8	10.5	8.9
Total liabilities		10.5	8.9
Equity			
Share capital and share premium	10	206.8	206.8
Other reserves	11	2.1	1.4
Retained earnings		458.3	421.0
Total equity		667.2	629.2
TOTAL EQUITY AND LIABILITIES		677.7	638.1

The financial statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 23 July 2019 and signed on its behalf by:

Paul Mainwaring
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 May 2017	–	206.8	51.0	212.0	469.8
Profit and total comprehensive income for the year	–	–	–	276.3	276.3
Equity-settled employee share-based payments	–	–	7.0	–	7.0
Employee Benefit Trust purchase of own shares	–	–	(4.3)	–	(4.3)
Equity dividends paid	–	–	–	(119.6)	(119.6)
Transfer of share-based payment reserve	–	–	(52.3)	52.3	–
At 31 May 2018	–	206.8	1.4	421.0	629.2
Profit and total comprehensive income for the year	–	–	–	202.9	202.9
Equity-settled employee share-based payments	–	–	8.2	–	8.2
Employee Benefit Trust purchase of own shares	–	–	(2.0)	–	(2.0)
Equity dividends paid	–	–	–	(171.1)	(171.1)
Transfer of share-based payment reserve	–	–	(5.5)	5.5	–
At 31 May 2019	–	206.8	2.1	458.3	667.2

COMPANY CASH FLOW STATEMENT

	Note	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Operating activities			
Cash generated from operations	7	173.8	125.5
Income taxes paid		–	–
Net cash flow generated from operating activities		173.8	125.5
Investing activities			
Interest received		–	–
Net cash flow used in investing activities		–	–
Financing activities			
Interest paid		–	(1.5)
Equity dividends paid to owners of the parent		(171.1)	(119.6)
Employee Benefit Trust purchase of own shares		(2.0)	(4.3)
Net cash flow used in financing activities		(173.1)	(125.4)
Net increase in cash and cash equivalents		0.7	0.1
Cash and cash equivalents at the beginning of the year		0.1	–
Impact of movement in foreign exchange rates		–	–
Cash and cash equivalents at the end of the year		0.8	0.1

NOTES TO THE FINANCIAL STATEMENTS

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of IG Group Holdings plc (the Company) for the year ended 31 May 2019 were authorised for issue by the Board of Directors on 23 July 2019 and Statement of Financial Position was signed on the Board's behalf by Paul Mainwaring. IG Group Holdings plc is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA

The Company's financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no significant areas of judgement or complexity, or areas where assumptions and estimates are significant to the Company financial statements.

2. ACCOUNTING POLICIES

The accounting policies applied are the same as those set out in note 30 of the Consolidated Financial Statements except for the following:

Investments in subsidiaries are stated at cost less accumulated impairment losses.

The Company has share-based payment schemes involving employees of its subsidiaries. The costs of awards under these schemes is recognised as an increase in the investment in the employing subsidiary.

Dividends receivable are recognised when the shareholder's right to receive the payment is established

As permitted by Section 408(1)(b), (4) of the Companies Act 2006, the individual income statement of IG Group Holdings plc (the Company) has not been presented in these financial statements. The amount of profit for the year included within the financial statements of IG Group Holdings plc is £202.9 million (31 May 2018: profit for the year of £276.3 million). A statement of comprehensive income for IG Group Holdings plc has also not been presented in these financial statements. No items of other comprehensive income arose in the year (31 May 2018: £nil).

3. AUDITORS' REMUNERATION

Auditors' remuneration is disclosed within note 4 of the Consolidated Financial Statements.

4. DIRECTORS' REMUNERATION

Directors' remuneration is disclosed within the Directors' Remuneration section of the Annual Report.

5. STAFF COSTS

The Company has no employees (31 May 2018: nil).

6. INVESTMENT IN SUBSIDIARIES

At cost:

	31 May 2019 £m	31 May 2018 £m
At the beginning of the year	501.3	494.5
Additions in the year	7.3	6.8
	508.6	501.3

Additions in the year relate to equity-settled share-based awards for employees of the subsidiaries.

A full list of the Group's directly and indirectly owned subsidiaries is provided in note 31 of the Consolidated Financial Statements.

COMPANY OVERVIEW STRATEGIC REPORT GOVERNANCE REPORT FINANCIAL STATEMENTS SHAREHOLDER AND CO INFO

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. CASH GENERATED FROM OPERATIONS

	Year ended 31 May 2019 £m	Year ended 31 May 2018 £m
Operating activities		
Operating loss	(7.0)	(2.0)
Dividends received	209.9	280.0
(Increase) in trade and other receivables	(32.0)	(3.3)
(Decrease)/Increase in trade and other payables	2.9	(149.2)
Cash generated from operations	173.8	125.5

Operating losses comprise of legal and professional fees and external audit fees.

8. OTHER PAYABLES

	31 May 2019 £m	31 May 2018 £m
Accruals	2.7	4.5
Amounts due to Group companies	7.8	4.4
	10.5	8.9

9. OTHER RECEIVABLES

	31 May 2019 £m	31 May 2018 £m
Amounts due from Group companies:		
– Market Data Limited	130.9	129.9
– IG Markets Limited	32.6	4.8
– Other Group companies	4.5	1.7
Other debtors	0.1	0.1
	168.1	136.5

Under the Group's cash management framework, entities holding cash that is surplus to short term requirements lend the money to another group entity. These amounts are repayable on demand and are non interest bearing.

10. SHARE CAPITAL AND SHARE PREMIUM

Share capital and share premium is disclosed within Note 21 of the Consolidated Financial Statements.

11. OTHER RESERVES

	Share based payments £m	Own shares held in Employee Benefit Trusts £m	Total other reserves £m
At 31 May 2017	54.3	(3.3)	51.0
Equity-settled employee share-based payments	7.0	–	7.0
Exercise of UK share incentive plans	(0.2)	0.2	–
Employee Benefit Trust purchase of shares	–	(4.3)	(4.3)
Transfer of share based payments reserve	(52.3)	–	(52.3)
At 31 May 2018	8.8	(7.4)	1.4
Equity-settled employee share-based payments	**8.2**	**–**	**8.2**
Exercise of UK share incentive plans	**(0.9)**	**0.9**	**–**
Employee Benefit Trust purchase of shares	**–**	**(2.0)**	**(2.0)**
Transfer of share based payments reserve	**(5.5)**	**–**	**(5.5)**
At 31 May 2019	**10.6**	**(8.5)**	**2.1**

12. OBLIGATIONS UNDER LEASES

Operating lease agreements

The Company has entered into commercial leases on certain properties. Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 May 2019 £m	31 May 2018 £m
Future minimum payments due:		
Not later than one year	**1.8**	1.8
After one year but not more than five years	**7.4**	7.1
After more than five years	**1.4**	3.2
	10.6	12.1

13. DIRECTORS' SHAREHOLDINGS

The Directors of the Company hold shares as disclosed in the Group Annual Report.

14. RISK MANAGEMENT

Financial risks arising from financial instruments are managed at a Group-wide level and details are in the Risk Management section of the Group Annual Report.

Credit risk

Held within other receivables on the Statement of Financial Position of the Company are amounts receivable by the Company from related parties that are unrated. The Directors consider the Company's receivables to be recoverable as they are with Group companies and the Companies have adequate resources to ensure repayment in full. Therefore, credit risk is minimal.

Liquidity risk

The Company is able to obtain financial support from other Group companies if this is needed. Therefore, liquidity risk is minimal.

15. SUBSEQUENT EVENTS

The subsequent events of the entity are the same as those disclosed in the notes to the Group Consolidated Financial Statements in note 29.

16. DISTRIBUTABLE RESERVES

Of the £458.3 million of retained earnings as at 31 May 2019 (31 May 2018: £421.0 million), £327.6 million is considered distributable (31 May 2018: £290.5 million).

17. DIVIDENDS PAID AND PROPOSED

The dividends paid and proposed by the entity are the same as those disclosed in the notes to the Group Consolidated Financial Statements in note 10.

SHAREHOLDER AND COMPANY INFORMATION

SHAREHOLDER INFORMATION

Receiving shareholder information by email

You can opt to receive shareholder information from us by email rather than by post. We will then email you whenever we add shareholder communications to the Company website. To set this up, please visit www.investorcentre.co.uk/ecomms and register for electronic communications (e-comms).

If you subsequently wish to change this instruction or revert to receiving documents or information by post, you can do so by contacting the Company's registrars at the address shown in the Company Information opposite. You can also change your communication method back to post by logging in to your Investor Centre account and going to 'update my details' followed by 'communication options'.

The Registrar can also be contacted by telephone on 0371 495 2032. Calls to this number cost no more than a national rate call from any type of phone or provider. These prices are for indication purposes only; if in doubt, please check the cost of calling this number with your phone line provider. Lines are open 8.30am – 5.30pm, Mon-Fri excluding bank holidays.

Shareholder enquiries

If you have any queries relating to your shareholding, dividend payments or lost share certificates, or if any of your details change, please contact Computershare by visiting www.investorcentre.co.uk or by using the contact details above.

American Depositary Receipts (ADRs)

IG's ADR programme trades in the US over the counter (OTC) market, under the symbol IGGHY. Each ADR currently represents one ordinary share.

Dividend dates[1]

Ex-dividend date	26 September 2019
Record date	27 September 2019
Last day to elect for dividend reinvestment plan	3 October 2019
Final dividend payment date	24 October 2019
2020 interim dividend	February 2020

Annual shareholder calendar[1]

Company reporting	
Final results announced	2[illegible] July 2019
Annual Report published	12 August 2019
Annual General Meeting	19 September 2019

Interim report

As part of our e-comms programme, we have decided not to produce a printed copy of our Interim Report. We will instead publish the report on our website, where it will be available around mid January each year.

(1) Please note that these dates are provisional and subject to change.

COMPANY INFORMATION

Directors

Executive Directors
J Y Felix (Chief Executive Officer)
P R Mainwaring (Chief Financial Officer)
B E Messer (Chief Commercial Officer)
J M Noble (Chief Operating Officer)

Non-Executive Directors
A J Green (Chairman)
S G Hill
J P Moulds
S-A Hibberd
M Le May (Senior Independent Director)
J A Newman

Company Secretary

T Lee

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7AE

Royal Bank of Scotland Group plc
280 Bishopsgate
London
EC2M 4RB

Solicitors

Linklaters
1 Silk Street
London
EC2Y 8HQ

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Brokers

Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

Registered office

Cannon Bridge House
25 Dowgate Hill
London
EC4R 2YA

Registered number

04677092

CAUTIONARY STATEMENT

Certain statements included in our 2019 Annual Report, or incorporated by reference to it, may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition.

Forward-looking statements involve known and unknown risks and uncertainties because they are beyond the Group's control and are based on current beliefs and expectations about future events about the Group and the industry in which the Group operates.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward looking statements contained herein reflect knowledge and information available at the date of this Annual Report and the Group undertakes no obligation to update these forward-looking statements except as required by law.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any shares or other securities in the Company, and nothing in this report should be construed as a profit forecast.

MARKET SHARE

Market share data has been provided by Investment Trends Pty Limited (website: www.investmenttrends.co.uk). Contact: Suzie Toohey (email: s.toohey@investmenttrends.com) or Brian Chong (email: b.chong@investmenttrends.com). Unless stated, market share data is sourced from the following current reports:

Investment Trends France CFD and FX Report, released September 2018

Investment Trends US Leverage Trading Report, released October 2018

Investment Trends Singapore CFD and FX Report, released November 2018

Investment Trends Australia Leveraged Trading Report, released December 2018

Investment Trends Hong Kong Leveraged Trading Report, released March 2019

Investment Trends UK Trading Behaviour Report, released May 2019

Investment Trends Germany CFD and FX Report, released May 2019

Investment Trends Spain CFD and FX Report, released May 2019

NOTES

IG Group Holdings plc
Cannon Bridge House
25 Dowgate Hill
London EC4R 2YA

T: +44 (0)20 7896 0011
F: +44 (0)20 7896 0010
W: iggroup.com

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