TP ICAP plc

Remuneration Disclosure Statement – April 2017

This statement discloses the information as required under both CRD IV and section 11.5 of the FCA's BIPRU Handbook and as further set out in FCA's Finalised Guidance published in September 2012 for Remuneration Code Proportionality Level Three firms.

- **Information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of the remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders.**

A draft Remuneration Policy Statement was considered and approved by the Remuneration Committee in March 2017.

As a listed company subject to the UK Corporate Governance Code and the Listing Rules, TP ICAP plc has a Remuneration Committee of the Board, with published terms of reference which are periodically reviewed and approved by the Board. The Remuneration Committee is comprised of three non-executive directors of the Company.

The Remuneration Committee terms of reference sets out how the Remuneration Committee ensures that remuneration decisions take into account the implications for risk and risk management of the firm.

The Remuneration Committee has the ability to apply discretion to variable remuneration payments for Senior Management and reviews all variable remuneration paid to Remuneration Code staff.

As a UK company subject to the provisions of the Companies Act 2006, the directors must act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard for, amongst other matters, the interests of the Company's employees.

Taking into account the fact that all broking subsidiaries are either Limited Licence or Limited Activity firms, the Board has not sought to use external consultants to determine remuneration policy generally. The risk assessment undertaken during the drafting of the 2016 Remuneration Policy Statement has confirmed the view of the Remuneration Committee that the Company's remuneration policy reflects the low risk profile of the Company, is consistent with and promotes sound and effective risk management, and does not encourage risk taking.

This Remuneration Disclosure Statement was approved by the Board on 9 March 2017.

- **Information on link between pay and performance**

TP ICAP's remuneration practices, policies and procedures ensure an employee's remuneration is consistent with and does not encourage excessive risk taking. They also reflect the fact that all broking entities are either Limited Activity or Limited Licence firms.

Variable remuneration is discretionary and takes into account the performance of the Company, the desk/area and the individual. The determination of an individual's variable pay takes into account different factors including:

- how they have performed against their objectives
- how they have demonstrated TP ICAP values
- how they have complied with all legal, regulatory, and conduct requirements

The purpose of variable remuneration is firstly to reflect the performance of individuals in their roles during the previous year and secondly to incentivise them to remain with TP ICAP.

With limited exceptions, Remuneration Code staff variable remuneration is paid annually. Internal and external breaches are escalated to senior management by Compliance, HR, Legal and other Control Functions to allow these to be taken into consideration.

The Chief Executive and Finance Director are required to invest 50% of their net bonus in TP ICAP shares and to hold these for a period of at least three years. The deferred element of the bonus is subject to claw back in the event of material misstatement of the financial statements on which the bonus was based such that the bonus was awarded at too high a level, or in the event that during the deferral period the Remuneration Committee determines that the Executive Director's conduct (whether before or after the bonus payment date), constitutes gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

The Company has one Long Term Incentive Plan ("LTIP") in operation which was approved by shareholders in November 2006. Awards under this scheme were last made in 2012 to the Executive Directors and no further awards are intended to be made. The 2012 awards were structured to reward growth in relative and absolute shareholder value.

In 2013 a new cash settled Long Term Incentive Scheme ("LTIS") was introduced for the Executive Directors and was approved at the 2014 AGM. The LTIS is subject to a number of performance conditions measured over three calendar years or more and which aim to improve operating performance. Performance conditions are based on relative TSR compared with other FTSE 250 companies (excluding investment trusts), cash flow generation and average returns on capital equity compared with IDB competitors.

The unvested element of awards made under the LTIS is subject to malus in the event of material misstatement of the financial statements such that the award was made at too high a level or in the event that the Remuneration Committee determines that an Executive Director's conduct (whether before or after the grant of the LTIS award) amounts to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

In 2016, the Remuneration Committee supported the introduction of a Deferred Bonus scheme for those employees designated as senior managers to more closely align their medium to longer-term interests to the interests of the shareholders. Under the Deferred Bonus, employees holding senior management roles within the Company have 20% of their annual bonus award deferred into TP ICAP shares with a three-year holding period. The Deferred Bonus scheme has applied to both the 2015 and 2016 bonus years.

- **Aggregate quantitative information on remuneration, broken down by business area**

For the year ended 31 December 2016 (including bonuses paid in 2017) total remuneration is broken down by business area as follows:

Broking staff: **£443.6m**

Non-broking staff: **£145.8m**

- **Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm**

For the year ended 31 December 2016 (including bonuses paid in 2017) total remuneration is broken down as follows:

Remuneration Code staff: **£33.7m**

Non-Remuneration Code staff: **£555.7m**