TP ICAP PLC

PILLAR 3 DISCLOSURES - 2019

1. Introduction

1.1 Background

The Capital Requirements Regulation (CRR) and Capital Requirement Directive IV (CRD IV), which represented the European Union's ("EU") implementation of the Basel III Accord, is the prudential framework governing the type and amount of capital to be held by credit institutions and investment firms. The CRR has direct effect within the UK, whilst CRD IV has been implemented into UK law through the FCA Handbook, including through the adoption of the Prudential Sourcebook for Investment Firms (IFPRU).

The prudential framework consists of three 'pillars':

- Pillar 1 sets out the minimum capital required to meet credit, market and operational risk exposures.
- Pillar 2 requires firms to undertake an Internal Capital Adequacy Assessment Process ("ICAAP") to assess whether their Pillar I capital is adequate to cover all of the risks to which they are exposed, and if not, to calculate the additional capital required. The ICAAP is then subject to review by the FCA through the Supervisory Review and Evaluation Process.
- Pillar 3 requires firms to disclose specific information concerning their risk management policies and procedures, and to provide a summary of their regulatory capital position.

Articles 431 – 455 of CRR set out the specific disclosure requirements and the purpose of this document is to enable TP ICAP plc and its subsidiaries ("the Group") to meet the requirements contained therein.

1.2 Disclosure Policy

In accordance with Article 431(3) of CRR the Group has adopted a formal disclosure policy to comply with the disclosure requirements, and has policies for assessing the appropriateness of the disclosures, including their verification and frequency.

Under Article 432(1) of CRR, a Group may omit one or more of the required disclosures if the information is not material. Information shall be regarded as material where the information would not be likely to change or influence the decision of a user relying on that information for the purposes of making an economic decision. No disclosures have been omitted on these grounds.

Under Article 432(2) of CRR, a Group may omit one or more of the required disclosures if they would require the disclosure of any information regarded as proprietary or confidential. Proprietary information is that information which would undermine a competitive position, whilst confidential information is that which would breach an obligation of confidence between the Group and its customers. No disclosures have been omitted on these grounds.

In accordance with Article 433 of CRR, the Group will publish this disclosure at least annually on the Group's website.

The disclosures contained herein have been approved by the Boards of the entities listed in Section 2.3 of this document.

2 Scope and Application of the CRR Requirements

2.1 Business Overview

The Group is the world's largest interdealer broker, and acts as an intermediary in the wholesale financial markets, facilitating the trading activity of its clients, in particular commercial and investment banks.

The business covers the following major product groups: Fixed Income Securities and their derivatives, Interest Rate Derivatives, Treasury Products, Equities and Energy and Commodities. The Group's broking business is conducted through:

- voice broking, where brokers, supported by proprietary screens displaying historical data, analytics and real-time prices, discover price and liquidity for their clients; and
- electronic platforms, which complement and support the voice broking capability including a Risk Management Services ("RMS") business which provides clients with post-trade, multi-product matching services.

The Group also has an established data and analytics business (Tullett Prebon Information, ICAP Information, PVM Data Services and Burton-Taylor), which collects, cleanses, collates and distributes real-time information to market data providers and also provides consultancy services.

The Group's operating subsidiaries consist mainly of broking subsidiaries, which provide brokerage services on either a Name Passing, Matched Principal or Executing Broker basis. The Group operates its data and analytics business through separate subsidiaries. The RMS business is operated through broking subsidiaries in Asia.

All of the Group's broking subsidiaries, subject to certain exceptions, are classified as either Limited Activity Firms or Limited Licence Firms, as defined in Article 96(1) and Article 95(2) of the CRR respectively. Several of the Group's energy broking subsidiaries fall outside the CRR regime by virtue of their commodity broking activity, and are classified as either Limited Activity Firms as defined in Section 1.1.12 of the BIPRU Sourcebook of the FCA Handbook or as Oil Market Participants as described in the OMPS section of the FCA Handbook. The data and analytics subsidiaries, along with the service and holding companies within the Group, do not undertake any regulated activities.

2.2 Consolidated Prudential Supervision

On the basis of the Limited Activity / Limited Licence status of its broking subsidiaries (and on the basis that it meets the other requirements set out in Article 15(1) of the CRR), the Group holds a waiver from consolidated supervision, which is valid from 30 December 2016 until 30 December 2026. Under the terms of this waiver, the Group is obliged to undertake the 'Financial Holding Company' test for the purposes of calculating the Group's regulatory capital position, as set out in Article 15(2) of the CRR. The calculation of the Capital Resources Requirement under the Financial Holding Company test compares the Capital Resources of TP ICAP plc with the Capital Resources Requirement of all its subsidiaries.

2.3 Solo Prudential Supervision

The Group's broking subsidiaries in the UK that are FCA regulated on an individual 'solo' basis are:

- Tullett Prebon (Securities) Limited;
- Tullett Prebon (Europe) Limited;
- Tullett Prebon (Equities) Limited;
- ICAP Securities Limited;
- The Link Asset & Securities Company Limited;
- ICAP WCLK Limited;
- ICAP Europe Limited;
- ICAP Energy Limited;
- ICAP Global Derivatives Limited;
- iSwap Euro Limited;
- PVM Oil Futures Limited; and
- PVM Oil Associates Limited.

The regulatory capital position as at 31 December 2019 of Tullett Prebon (Securities) Limited, Tullett Prebon (Europe) Limited, ICAP Securities Limited, The Link Asset & Securities Company Limited, ICAP WCLK Limited, ICAP Europe Limited, ICAP Energy Limited, ICAP Global Derivatives Limited, , iSwap Euro Limited and PVM Oil Futures Limited is set out in Appendix A.

Tullett Prebon (Equities) Limited transferred its business to Tullett Prebon (Europe) Limited in 2010 and is in the process of cancelling its regulatory permissions. PVM Oil Associates Limited is regulated as an Oil Market Participant with a requirement to maintain adequate financial resources but no prescribed minimum level of capital resources. Therefore, no separate disclosures are provided for these entities.

3 Enterprise Risk Management Framework

The enterprise risk management framework ('ERMF') enables the Group to understand and manage the risks it is exposed to and seize opportunities in line with its business objectives and within the defined risk appetite. In 2019, we undertook a review of our global risk management framework to take into account the increased scale and diversity of our business and to respond to regulatory expectations. As a result of this work, we introduced our new Enterprise Risk Management Framework (ERMF) in the second half of the year. The ERMF comprises three mutually reinforcing components: a sound risk management structure, a comprehensive risk management and governance structure and a range of risk management processes. The Group is undertaking a range of actions to develop and embed its risk management framework in response to changes in the business and regulatory feedback. The framework continues to evolve with the objective of improving the Group's risk management capability and supporting the delivery of the Group's business strategy.

3.1 Risk culture

The Group recognises that in order to ensure the effective operation of the ERMF, it must implement an appropriate risk management culture that fosters the desired risk management values and behaviours, and that is aligned to TP ICAP's values. This includes promoting an environment of openness that encourages the reporting and discussion of risk related matters and incidents.

The Group seeks to achieve the implementation of its risk management culture through a range of actions. These include the setting of an appropriate 'tone-from-the-top', clear communication of risk management expectations and responsibilities, and through remuneration structures that effectively support the achievement of the desired risk management behaviours.

3.2 Risk management and governance structure

The Group has implemented a risk management and governance structure whereby risks are managed through a three lines of defence model that segregates risk management (first line of defence) from risk oversight (second line of defence) and independent risk assurance (third line of defence), with oversight provided through a formal risk committee structure.

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

- defining the nature and extent of the risks it is willing to take in achieving its business objectives through formal risk appetite statements;
- ensuring that the Group has an appropriate and effective risk management and internal control framework; and
- monitoring the Group's risk profile against the Group's defined risk appetite.

The Group's risk governance structure oversees the implementation and operation of the ERMF across the Group and comprises the following committees:

- Board Risk Committee;
- Group Risk, Conduct and Culture Committee; and
- Regional Risk, Conduct and Culture Committees in EMEA, Americas and Asia Pacific.

First line of defence – risk management within the business

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

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

Second line of defence – risk oversight and challenge

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

The Compliance function is responsible for overseeing the Group's compliance with regulatory requirements in all of the jurisdictions in which the Group operates.

The Risk function is responsible for overseeing and challenging the business, support and control functions in their identification, assessment and management of the risks to which they are exposed, and for assisting the Board (and its various committees) in discharging its overall risk oversight responsibilities.

Third line of defence – independent assurance

Internal Audit provides independent assurance on the design and operational effectiveness of the Group's risk management framework and associated activity.

3.3 Risk management processes

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

3.4 Risk strategy and risk appetite

The Board is responsible for setting its risk strategy and risk appetite which together provide the overarching context for the Group's risk management activity.

The Risk Strategy defines the risk objectives which must be met for the Group to achieve its Business Strategy and ensure that the Group focuses on those risk issues which are of most significance to the Group. The Group has defines the following risk objectives:

- Financial Position - To maintain a robust financial position in both normal and stressed conditions, to be achieved by maintaining profitability, ensuring capital resources and liquidity resources are sustained at levels that reflect the Group's risk profile, and maintaining access to capital markets.
- Operational Effectiveness and Resilience - To ensure that operational processes and infrastructure operate effectively and with an appropriate degree of resilience.
- Regulatory Standing - To maintain good standing with all the Group's regulators and to fully comply with all applicable laws and regulations to which it is subject.
- Reputation - To maintain the Group's reputation as an unbiased intermediary in the financial markets, with market integrity and the fair treatment of clients being at the heart of its business.
- Business Strategy - To adopt and execute a well-defined business plan which ensures the continued viability and growth of the Group's business, and to ensure that the Group does not undertake any activity which could undermine its ability to meet its strategic goals.

The Risk Appetite Statement provides the Board's strategic view of the Group's attitude to, and appetite for, particular risk types to inform the more detailed articulation and operationalisation of risk appetite throughout the Group. The Group implements its risk appetite statements through the adoption of risk metrics and thresholds at individual risk level. These thresholds constitute the operational parameters within which the first line of defence must operate on a day-to-day basis.

The risk strategy and risk appetite are reviewed by the Board on at least an annual basis and more frequently where required to address a change in the Group's business or risk profile.

4 Principal Risks

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

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

4.1 Adverse change to regulatory framework

The Group is exposed to the risk of a fundamental change to the regulatory framework which has a material adverse impact on its business and economic model.

Change in risk exposure since 2018

- No change

Potential impact

- Reduction in broking activity
- Reduced earnings and profitability
- Material change in applicable regulatory rules and their interpretation including loss of consolidation waiver

Mitigation

- Close monitoring of regulatory developments
- Active involvement in consultation and rule setting processes

Key Risk indicators

- Key regulatory changes
- Status of regulatory change initiatives

Related strategic objectives

- Build and sustain our technology offering

- Enhance our operational excellence
- Diversify customers and services

4.2 Deterioration in the commercial environment

The risk that due to adverse macro-economic conditions or geopolitical developments, market activity is suppressed leading to reduced trading volumes. The impact of Brexit is addressed separately below.

Change in risk exposure since 2018

- No change

Potential impact

- Reduction in broking activity
- Pressure on brokerage
- Reduced earnings and profitability

Mitigation

- Clearly defined business development strategy to maintain geographical and product diversification

Key Risk indicators

- Operating profit
- Revenues by region
- Trade volumes
- Revenue forecast
- Stress testing scenario outcomes

Related strategic objectives

- Diversify customers and services

4.3 The impact of BREXIT

The risk that Brexit leads to a macro-economic downturn and a consequential reduction in trading volumes and revenue. The risk that the legal entity structure implemented to comply with the loss of EU passporting rights results in a fragmentation of liquidity between UK and EU liquidity pools.

Change in risk exposure since 2018

- Increase

Potential impact

- Reduction in broking activity
- Loss of market share
- Reduced earnings and profitability

Mitigation

- Adoption of a Brexit plan which would accommodate a range of potential Brexit scenarios (including a ‘no deal Brexit’)
- Incorporation of new EU subsidiary to hold EU-based business
- Proactive engagement with European regulators and clients

Key Risk indicators

- Key regulatory changes
- Brexit plan tracking

Related strategic objectives

- Build and sustain our technology offering

- Enhance our operational excellence
- Diversify customers and services

4.4 Failure to respond to client requirements

The risk that the Group fails to respond to rapidly changing customer requirements, including the demand for enhanced electronic broking solutions for certain asset classes.

Change in risk exposure since 2018
- No change

Potential impact
- Loss of market share
- Reduced earnings and profitability

Mitigation
- Proactive engagement with clients through customer relationship management process
- Clearly defined business development strategy which continues to enhance the Group's service offering

Key Risk indicators
- Operating profit
- Trade volumes
- Revenues by regions
- New business initiatives
- Client satisfaction surveys

Related strategic objectives
- Build and sustain our technology offering
- Enhance our operational excellence
- Diversify customers and services

4.5 Cyber-security and data protection

The risk that the Group fails to adequately protect itself against cyber-attack and/or to adequately secure the data it holds, resulting in loss of operability as well as potential loss of critical business or client data.

Change in risk exposure since 2018
- No change

Potential impact
- Loss of revenue
- Remediation costs
- Damage to reputation
- Regulatory sanctions
- Payment of damages/compensation

Mitigation
- Monitor and assess the evolving, and increasingly sophisticated, cyber-threat landscape
- Ensure the Group's control framework to address the potential cyber-threats to which it is exposed is appropriate

Key Risk indicators
- System outages

- Data loss events
- Cyber-security events/losses
- Vulnerability monitoring

Related strategic objectives

- Build and sustain our technology offering

4.6 Operational failure

The Group is exposed to operational risk in nearly every facet of its role as a interdealer broker, including from its dependence on:

- The accurate execution of a large number of processes, including those required to execute, clear and settle trades; and
- A complex IT infrastructure.

Change in risk exposure since 2018

- No change

Potential impact

- Financial loss which could, in extreme cases, impact the Group's solvency and liquidity
- Damage to the Group's reputation as a reliable market intermediary

Mitigation

- Appropriate control framework to manage operational risk within risk appetite
- Reverse stress tests to identify key risks that could undermine the Group's viability
- Effective business continuity plans and capability
- Incident and crisis management plans

Key Risk indicators

- Risk events
- Execution failure
- Settlement fails
- Margin calls

Related strategic objectives

- Build and sustain our technology offering
- Enhance our operational excellence

4.7 Failure to protect proprietary data

The risk that the Group fails to protect unauthorised dissemination of Group's proprietary data leading to loss of potential revenue streams.

Change in risk exposure since 2018

- New

Potential impact

- Failure to achieve future revenue growth targets due to non-contractual use of our market information
- Damage to reputation

Mitigation

- Periodic audit of licences
- Appropriate legal remedies incorporated within licence agreements

Key Risk indicators

- Coverage against defined data audit plan
- Data audit findings

Related strategic objectives

- Diversify customers and services

4.8 Breach of legal and regulatory requirements

The Group operates in a highly regulated environment and is subject to the laws and regulatory frameworks of numerous jurisdictions.

Failure to comply with applicable regulatory requirements could result in enforcement action being taken.

Change in risk exposure since 2018

- No Change

Potential impact

- Regulatory enforcement action including censure, fines or loss of operating licence
- Severe damage to reputation

Mitigation

- Group compliance function to ensure that staff are aware of regulatory requirements, and for monitoring compliance with these requirements
- Cultural framework to implement the Group's core values and principles
- Comprehensive compliance training programme

Key Risk indicators

- Policy breaches
- Regulatory enforcement action

Related strategic objectives

- Enhance our operational excellence

4.9 Counterparty credit risk

The Group is exposed to counterparty credit risk arising from brokerage receivables owed by clients, unsettled Matched Principal trades held with clients and from cash deposit counterparties.

Change in risk exposure since 2018

- No Change

Potential impact

- Financial loss which could, in extreme cases, impact the Group's solvency and liquidity

Mitigation

- Counterparty exposures managed against thresholds, calibrated to reflect counterparty creditworthiness
- Exposure monitoring and reporting by independent credit risk function
- Exposure concentration limits to prevent excessive exposure to one institution

Key Risk indicators

- Matched Principal trade exposure
- Name Passing receivables
- Group cash peak exposure

Related strategic objectives

- Enhance our operational excellence
- Diversify customers and services

4.10 FX exposure

There is a risk that the Group suffers loss as a result of a movement in FX rates whether through transaction risk or translation risk.

Change in risk exposure since 2018

- New

Potential impact

- Financial loss which could, in extreme cases, impact the Group’s solvency and liquidity

Mitigation

- Ongoing monitoring of Group’s FX positions

Key Risk indicators

- Net currency position
- FX exposure

Related strategic objectives

- Enhance our operational excellence

4.11 Liquidity risk

The Group is exposed to potential margin calls from clearing houses and correspondent clearers. The Group also faces liquidity risk through being required to fund Matched Principal trades which fail to settle on settlement date.

Change in risk exposure since 2018

- No change

Potential impact

- Reduction in Group’s liquidity resources which would, in extreme cases, impact the Group’s liquidity

Mitigation

- Broking limits that restrict potential margin exposure
- Group maintains significant cash resources in each operating centre to ensure immediate access to funds
- Committed £270m revolving credit facility (‘RCF’)

Key Risk indicators

- Unplanned intra-Group funding calls
- RCF draw-down
- Level of margin call

Related strategic objectives

- Enhance our operational excellence
- Diversify customers and services

5 Capital Resources

Under the terms of the Financial Holding Company (FHC) calculation, the calculation of the Group's Capital Resources is based on the balance sheet of TP ICAP plc, the holding company for the Group (as per (Article 15(1)(d) of the CRR).

The table below sets out the Group's Capital Resources as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Audited Shareholders' Funds	**2,214.5**	**2,321.5**
Less Foreseeable Dividends	(62.9)	(63.1)
Capital Resources	**2,151.6**	**2,258.4**

6 Capital Resources Requirement

6.1 Introduction

The Group's Capital Resources Requirement is the aggregate of the notional Pillar 1 requirement for each Group company. For companies that would be classified as a Limited Activity Firm for FCA purposes, the notional requirement is calculated as ***the aggregate*** of the:

1. Credit Risk Capital Requirement;
2. Market Risk Capital Requirement;
3. Settlement Risk; and
4. Fixed Overhead Requirement (FOR).

In contrast, for companies that would be classified as a Limited Licence Firm for FCA purposes, the notional requirement is ***the higher*** of the:

1. The aggregate of the Credit Risk Capital Requirement and Market Risk Capital Requirement; and
2. Fixed Overhead Requirement (FOR).

Intra-group exposures are not permitted to be netted under the FHC Test.

6.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

6.2.1 Credit Risk Capital Component ("CRCC")

The Group has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR. In accordance with this rule, a capital charge is taken to support the Group's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Group also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Clearing and settlement guarantees;

- Tangible and intangible assets; and
- Other receivables, prepayments and accrued income.

6.2.2 Counterparty Risk Capital Component ("CPCC")

The Group is exposed to counterparty credit risk on derivatives where: i) on a short term basis the Group acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade; and ii) the Group enters into back-to-back principal derivatives with clients. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

The Group acts as an intermediary between customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned. Counterparty credit risk on securities financing transactions is calculated using the standardised method in accordance with Article 134 of the CRR.

6.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	245.5	347.5
CPCC	2.2	7.9
Total CRCR	**247.7**	**355.4**
Risk Weighted Assets (RWA)	**3,096.3**	**4,442.4**

6.3 Settlement Risk

The Group's Matched Principal activity gives rise to pre-settlement risk. Capital to support this pre-settlement risk is calculated as a given percentage of any negative replacement cost on trades remaining unsettled for five or more days after the due settlement date, in accordance with Article 378 of the CRR.

Number of working days after due settlement date	Capital Required (%)
5 — 15	8
16 — 30	50
31 — 45	75
46 or more	100

Consequently, for DvP transactions, with a normal settlement lag, no capital charge is imposed before the settlement date.

£m	31 Dec 2019	31 Dec 2018
Settlement risk	**0.6**	**1.4**
RWA	**7.5**	**17.3**

6.4 Market Risk Capital Requirement

The Group's 'trading book' arises only where one of the Group's Limited Activity subsidiaries (which broker trades on a Matched Principal basis) has failed to match clients' orders precisely. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Group also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Group's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	53.6	64.0
Total MRCR	**53.6**	**64.0**
RWA	**670.0**	**800.8**

6.5 Fixed Overhead Requirement

Given the classification of the Group's broking subsidiaries as either Limited Activity or Limited Licence, the Group is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Group's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**290.4**	**278.0**
Notional RWA	**3,629.8**	**3,474.9**

6.6 Large Exposure Requirement

In accordance with Article 388, the Group is not subject to the Large Exposure Regime, due to the fact that the Group only comprises Limited Activity and Limited Licence Firms (within Articles 96(1) and 95(1) of the CRR respectively).

6.7 Pillar 2

The Group has been granted an Investment Firm Consolidation Waiver, in accordance with which the Group is not subject to consolidated capital adequacy requirements. As a result, the Group is not required to prepare an ICAAP submission for the Group as a whole but must instead provide the FCA with an ICAAP submission for each of its UK regulated entities on a solo basis.

Notwithstanding the strict regulatory position, the Group continues to undertake an assessment of the Group's capital adequacy for internal risk management purposes, which is approved by the Board.

7 Capital Adequacy

The table below demonstrates that the Group meets the required capital ratio of 8% of Risk Weighted Assets, under the Financial Holding Company Test and held a surplus of £1,591.0m and £1,604.6m as at 31 December 2019 and 31 December 2018 respectively:

£m	**31 Dec 2019**	**31 Dec 2018**
CRCR	247.7	355.4
Settlement risk	0.6	1.4
MRCR	53.6	64.0
FOR	290.4	278.0
Limited Licence Firm - Deduction	(31.7)	(45.0)
Total Pillar 1 Requirement	**560.6**	**653.8**
Capital Resources	2,151.6	2,258.4
Excess Capital Resources	**1,591.0**	**1,604.6**
Total RWA	**7,007.7**	8,172.1
Capital Ratio	**30.7%**	**27.6%**

8 Non-Applicable Disclosures

The following disclosures specified in CRR are not applicable to the Group:

- Article 441 – The Group has not been designated an institution of global systemic importance;
- Article 447 – The Group does not have a non-trading book exposure to equities;
- Article 449 – The Group does not securitise its assets;
- Article 450 – The Group's Remuneration Disclosures are published in the Group's Annual Report and the respective legal entity annual reports available on the Group's website or Companies' House;
- Article 451 - The Group is not currently required to comply with the leverage ratio requirements;
- Article 452 – The Group is subject to the standardised approach to credit risk, not the IRB approach;
- Article 454 – The Group has not adopted the AMA approach for calculating its operational risk exposure (as it is not subject to a Pillar 1 operational risk requirement); and
- Article 455 – The Group does not use an internal model to calculate its market risk exposure.

APPENDIX A

The regulatory capital position as at 31 December 2019 of :

- Tullett Prebon (Securities) Limited;
- Tullett Prebon (Europe) Limited;
- ICAP Securities Limited;
- The Link Asset & Securities Company Limited;
- ICAP WCLK Limited;
- ICAP Europe Limited;
- ICAP Energy Limited;
- ICAP Global Derivatives Limited;
- iSwap Euro Limited; and
- PVM Oil Futures Limited.

TULLETT PREBON (SECURITIES) LIMITED

1 Capital Resources

The Capital Resources of Tullett Prebon (Securities) Limited ("TPSL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	**31 Dec 2019**	**31 Dec 2018**
Share Capital and Reserves[1]	84.7	82.5
Common Equity Tier One Capital	84.7	82.5
Tier One Deductions:		
Intangible Assets	-	-
Tier One Capital After Deductions	84.7	82.5
Tier Two Capital	-	-
Total Capital	**84.7**	**82.5**
Deductions from Total Capital:	-	-
Capital Resources	**84.7**	**82.5**

1. *Share Capital and Reserves does not include unaudited profits as at the balance sheet date.*

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Other reserves.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	30.8	34.5	6.5	0.5
Corporate	34.6	27.8	34.6	2.8
Equity	-	-	-	-
Exposure in default	6.6	5.3	9.9	0.8
Other	0.0	1.2	0.0	0.0
Central government and central banks	30.8	30.5	0.1	0.0
Total	**102.8**	**99.3**	**51.1**	**4.1**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	92.7
Rest of Europe	8.4
Other	1.7
Total	**102.8**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	65.4
Undated*	37.4
Total	**102.8**

* Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to short term counterparty credit risk on derivatives where the Firm acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

Counterparty credit risk exposure as at 31 December 2019

£m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	-	-	-	-

*In the table above, the gross exposure for derivatives is the gross positive fair value

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	4.1	3.0
CPCC	-	-
Total CRCR	**4.1**	**3.0**
Risk Weighted Assets (RWA)	**51.1**	**37.2**

2.3 Settlement risk

The Firm's Matched Principal activity gives rise to pre-settlement risk. Capital to support this pre-settlement risk is calculated as a given percentage of any negative replacement cost on trades remaining unsettled for five or more days after the due settlement date, in accordance with Article 378 of the CRR. Consequently, for DvP transactions, with a normal settlement lag, no capital charge is imposed before the settlement date.

£m	31 Dec 2019	31 Dec 2018
Settlement risk	**0.1**	**0.1**
RWA	**0.8**	**0.9**

2.4 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm’s total Market Risk Capital Requirement (“MRCR”), consisting of both the ‘trading book’ and ‘non-trading book’ PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	1.0	0.6
Total MRCR	**1.0**	**0.6**
RWA	**11.9**	**7.2**

2.5 Fixed Overhead Requirement

Given the Firm’s classification as a Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement (“FOH”) in accordance with Article 97 of the CRR.

The Firm’s Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**11.7**	**12.1**
Notional RWA	**145.9**	**150.8**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due (“the Overall Financial Adequacy Rule”).

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm’s Board periodically assesses the adequacy of the Firm’s financial resources, including through the Internal Capital Adequacy Assessment Process (“ICAAP”).

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £67.9m and £66.7m respectively:

£m	31 Dec 2019	31 Dec 2018
CRCR	4.1	3.0
Settlement risk	0.1	0.1
MRCR	1.0	0.6
FOR	11.7	12.1
Total Pillar 1 Requirement	**16.8**	**15.8**
Capital Resources	84.7	82.5
Excess Capital Resources	**67.9**	**66.7**
Total RWA	209.7	196.6
Capital Ratio	**40.4%**	**42%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were £3.6m and £1.8m respectively.

£m	CCyB rate	CCyB
UK	1.0%	**3.1**
Sweden	2.5%	**0.0**
Other	-	**0.5**
Total		**3.6**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was £5.2m and £3.7m respectively.

TULLETT PREBON (EUROPE) LIMITED

1 Capital Resources

The Capital Resources of Tullett Prebon (Europe) Limited ("TPEL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	130.6	119.6
Common Equity Tier One Capital	130.6	119.6
Tier One Deductions:		
Intangible Assets	-	-
Tier One Capital After Deductions	130.6	119.6
Tier Two Capital	-	-
Total Capital	**130.6**	**119.6**
Deductions from Total Capital:	-	-
Capital Resources	**130.6**	**119.6**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Other reserves.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Regional governments

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	69.4	80.8	14.9	1.2
Corporate	51.0	45.9	44.6	3.6
Equity	8.3	7.0	8.3	0.7
Other	2.4	3.3	2.5	0.2
Exposures in Default	15.8	11.9	23.6	1.9
Regional governments	0.2	0.1	0.0	0.0
Total	**147.1**	**149.0**	**93.9**	**7.6**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	110.3
Rest of Europe	22.6
Other	14.2
Total	**147.1**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	120.6
Undated*	26.5
Total	**147.1**

*Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to short term counterparty credit risk on derivatives where the Firm acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

Counterparty credit risk exposure as at 31 December 2019:

£m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	-	-	-	-

*In the table above, the gross exposure for derivatives is the gross positive fair value

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	7.5	6.1
CPCC	0.0	0.1
Total CRCR	**7.5**	**6.2**
Risk Weighted Assets (RWA)	**94.2**	**77.1**

2.3 Settlement risk

The Firm's Matched Principal activity gives rise to pre-settlement risk. Capital to support this pre-settlement risk is calculated as a given percentage of any negative replacement cost on trades remaining unsettled for five or more days after the due settlement date, in accordance with Article 378 of the CRR. Consequently, for DvP transactions, with a normal settlement lag, no capital charge is imposed before the settlement date.

£m	31 Dec 2019	31 Dec 2018
Settlement risk	**-**	**-**
RWA	**0.1**	**-**

2.4 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	3.2	3.2
Total MRCR	**3.2**	**3.2**
RWA	**40.4**	**39.7**

2.5 Fixed Overhead Requirement

Given the Firm's classification as an IFPRU Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**36.5**	**38.3**
Notional RWA	**456.5**	**478.2**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £83.4m and £71.9m respectively:

£m	**31 Dec 2019**	**31 Dec 2018**
CRCR	7.5	6.2
Settlement risk	0.0	-
MRCR	3.2	3.2
FOR	36.5	38.3
Total Pillar 1 Requirement	**47.2**	**47.7**
Capital Resources	130.6	119.6
Excess Capital Resources	**83.4**	**71.9**
Total RWA	591.1	595.0
Capital Ratio	**22.1%**	**20.1%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were £6.3m and £3.1m respectively.

£m	**CCyB rate**	**CCyB**
United Kingdom	1.0%	4.5
France	0.25%	0.1
Other	-	1.7
Total		**6.3**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was £14.8m and £11.2m respectively.

ICAP SECURITIES LIMITED

1 Capital Resources

The Capital Resources of ICAP Securities Limited ("ISL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	396.5	376.4
Common Equity Tier One Capital	396.5	376.4
Tier One Deductions:		
Significant holdings in financial[2] sector entities[1] and DTA adjustments	(251.8)	(254.7)
Tier One Capital After Deductions	144.7	121.7
Tier Two Capital	-	-
Total Capital	**144.7**	**121.7**
Deductions from Total Capital:	-	-
Capital Resources	**144.7**	**121.7**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.
2. Deduction in accordance with Art 36 (1)(i). Holding not deducted in accordance with Article 48 for 31 December 2018 and 31 December 2017 is £36,435,000 and £34,196,000 respectively.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Distributable capital contribution reserve.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	72.6	57.1	14.6	1.2
Corporate	53.1	47.1	53.1	4.2
Equity	21.2	32.4	53.0	4.2
Other	1.3	1.1	1.3	0.1
Exposures in default	8.2	8.4	12.3	1.0
Central government and central banks	39.9	39.1	0.1	0.0
Total	**196.3**	**185.2**	**134.4**	**10.7**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	161.8
Continental Europe	15.5
United Arab Emirates	18.2
Other	0.8
Total	**196.3**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	125.7
Undated*	70.6
Total	**196.3**

*Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to counterparty credit risk on derivatives where; i) on short term basis the Firm acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade; and ii) the Firm enters into back-to-back principal derivatives with clients. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

The Firm acts as an intermediary between customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due to and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned. Counterpart credit risk on securities financing transactions is calculated using the standardised method in accordance with Article 134 of the CRR.

Counterparty credit risk exposure as at 31 December 2019

£m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	15.5	-	0.2	0.0
Securities financing transactions	110.5	97.1	2.7	0.2
Total	**126.0**	**97.1**	**2.9**	**0.2**

*In the table above, the gross exposure for derivatives is the gross positive fair value

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	10.5	8.3
CPCC	0.2	2.2
Total CRCR	**10.7**	**10.5**
Risk Weighted Assets (RWA)	**134.4**	**131.6**

2.3 Settlement risk

The Firm's Matched Principal activity gives rise to pre-settlement risk. Capital to support this pre-settlement risk is calculated as a given percentage of any negative replacement cost on trades remaining unsettled for five or more days after the due settlement date, in accordance with Article 378 of the CRR. Consequently, for DvP transactions, with a normal settlement lag, no capital charge is imposed before the settlement date.

£m	31 Dec 2019	31 Dec 2018
Settlement risk	**0.5**	**1.3**
RWA	**6.2**	**16.4**

2.4 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders precisely. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	0.6	1.6
Total MRCR	**0.6**	**1.6**
RWA	**7.7**	**19.6**

2.5 Fixed Overhead Requirement

Given the Firm's classification as a Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**11.1**	**8.3**
Notional RWA	**139.2**	**104.2**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £121.8m and £100.0m respectively:

£m	31 Dec 2019	31 Dec 2018
CRCR	10.7	10.5
Settlement risk	0.5	1.3
MRCR	0.6	1.6
FOR	11.1	8.3
Total Pillar 1 Requirement	**22.9**	**21.7**
Capital Resources	144.7	121.7
Excess Capital Resources	**121.8**	**100.0**
Total RWA	287.5	271.8
Capital Ratio	**50.3%**	**44.8%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were £9.6m and £1.2m respectively.

£m	CCyB rate	CCyB
United Kingdom	1.0%	8.5
Sweden	2.5%	0.0
Other	-	1.1
Total		**9.6**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was £5.1m and £5.1m respectively.

1 Capital Resources

The Capital Resources of The Link Asset and Security Company Limited ("LINK" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	10.8	41.3
Common Equity Tier One Capital	10.8	41.3
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	10.8	41.3
Tier Two Capital	-	-
Total Capital	**10.8**	**41.3**
Deductions from Total Capital:	-	-
Capital Resources	**10.8**	**41.3**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Retained earnings;
- Share premium; and
- Distributable capital contribution reserve.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	5.1	17.3	1.0	0.1
Corporate	5.0	7.2	5.0	0.4
Equity	-	-	-	-
Exposures in default	3.8	4.5	5.8	0.5
Other	-	0.0	-	-
Central government and central banks	0.1	0.0	0.1	0.0
Total	**14.0**	**29.0**	**11.9**	**1.0**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	12.2
Rest of Europe	1.4
Other	0.4
Total	**14.0**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	10.1
Undated	3.9
Total	**14.0**

*Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to short term counterparty credit risk on derivatives where the Firm acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

Counterparty credit risk exposure as at 31 December 2019

£m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	-	-	-	-

*In the table above, the gross exposure for derivatives is the gross positive fair value

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	1.0	1.9
CPCC	-	-
Total CRCR	**1.0**	**1.9**
Risk Weighted Assets (RWA)	**11.9**	**23.2**

2.3 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	0.1	0.4
Total MRCR	**0.1**	**0.4**
RWA	**1.2**	**4.8**

2.4 Fixed Overhead Requirement

Given the Firm's classification as a Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**-**	**2.3**
Notional RWA	**-**	**28.2**

2.5 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.6 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £9.7m and £36.7m respectively:

£m	31 Dec 2019	31 Dec 2018
CRCR	1.0	1.9
MRCR	0.1	0.4
FOR	-	2.3
Total Pillar 1 Requirement	**1.1**	**4.6**
Capital Resources	10.8	41.3
Excess Capital Resources	**9.7**	**36.7**
Total RWA	13.1	56.2
Capital Ratio	**82.4%**	**73.5%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were £0.9m and £0.4m respectively.

£m	CCyB rate	CCyB
UK	1.0%	0.7
Sweden	2.5%	0.0
Other	-	0.2
Total		**0.9**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was £0.3m and £1.2m respectively.

ICAP WCLK LIMITED

1 Capital Resources

The Capital Resources of ICAP WCLK LIMITED ("WCLK" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	10.3	12.8
Common Equity Tier One Capital	10.3	12.8
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	10.3	12.8
Tier Two Capital	-	-
Total Capital	**10.3**	**12.8**
Deductions from Total Capital:	-	-
Capital Resources	**10.3**	**12.8**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Distributable capital contribution reserve.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	9.5	10.3	1.9	0.2
Corporate	1.5	4.0	1.5	0.1
Equity	-	-	-	-
Other	-	0.0	0.0	0.0
Central government and central banks	0.0	0.0	0.0	0.0
Total	**11.0**	**14.3**	**3.4**	**0.3**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	11.0
Rest of Europe	-
Other	0.0
Total	**11.0**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	11.0
Undated	0.0
Total	**11.0**

*Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to counterparty credit risk

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
CRCC	0.3	0.7
CPCC	-	-
Total CRCR	**0.3**	**0.7**
Risk Weighted Assets (RWA)	**3.4**	**8.8**

2.5 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	0.0	
Total MRCR	**0.0**	**-**
RWA	**0.0**	**-**

2.6 Fixed Overhead Requirement

Given the Firm's classification as a Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**0.9**	**1.0**
Notional RWA	**11.5**	**13.0**

2.7 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.8 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £9.1m and £11.1m respectively:

£m	31 Dec 2019	31 Dec 2018
CRCR	0.3	0.7
MRCR	0.0	-
FOR	0.9	1.0
Total Pillar 1 Requirement	**1.2**	**1.7**
Capital Resources	10.3	12.8
Excess Capital Resources	**9.1**	**11.1**
Total RWA	14.9	21.9
Capital Ratio	**69.1%**	**58.6%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were £0.1m and £0.2m respectively.

£m	CCyB rate	CCyB
Country 1	1.0%	**0.1**
Other	-	**-**
Total		**0.1**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was £0.4m and £0.4m respectively.

1 Capital Resources

The Capital Resources of ICAP Europe Limited ("IEuL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	72.7	72.4
Common Equity Tier One Capital	72.7	72.4
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	72.7	72.4
Tier Two Capital	-	-
Total Capital	**72.7**	**72.4**
Deductions from Total Capital:	-	-
Capital Resources	**72.7**	**72.4**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium; and
- Retained earnings.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Licence Firm, its capital resources requirement is taken to be ***the higher*** of:

1. The aggregate of the Credit Risk Capital Requirement ("CRCR") and Market Risk Capital Requirement ("MRCR"); and
2. Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Regional governments
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	72.0	74.8	14.4	1.2
Corporate	40.1	39.4	40.1	3.2
Exposures in default	9.2	6.5	13.9	1.1
Other	0.0	0.1	0.0	0.0
Regional government	0.1	0.0	0.0	0.0
Central government and central banks	0.1	0.1	0.2	0.0
Total	**121.5**	**120.9**	**68.6**	**5.5**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	97.3
Rest of Europe	9.9
Other	14.4
Total	**121.5**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	112.2
Undated	9.3
Total	**121.5**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total CRCR	**5.5**	**4.8**
Risk Weighted Assets (RWA)	**68.6**	**59.9**

2.4 Market Risk Capital Requirement

The Firm calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of the 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total MRCR	**0.6**	**0.7**
RWA	**7.2**	**9.0**

2.5 Fixed Overhead Requirement

Given the Firm's classification as a Limited Licence Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**19.3**	**19.8**
Notional RWA	**241.9**	**247.4**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Licence Firm (under Article 95(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £53.4m and £52.6m respectively:

£m	**31 Dec 2019**	**31 Dec 2018**
FOR	19.3	19.8
Total Pillar 1 Requirement	**19.3**	**19.8**
Capital Resources	72.7	72.4
Excess Capital Resources	**53.4**	**52.6**
Total RWA	241.9	247.4
Capital Ratio	**30.1%**	**29.3%**

ICAP ENERGY LIMITED

1 Capital Resources

The Capital Resources of ICAP Energy Limited ("IEnL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	35.0	35.2
Common Equity Tier One Capital	35.0	35.2
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	35.0	35.2
Tier Two Capital	0.2	0.5
Total Capital	**35.2**	**35.7**
Deductions from Total Capital:	-	-
Capital Resources	**35.2**	**35.7**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings;
- Distributable capital contribution reserve; and
- Accumulated other comprehensive income.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Licence Firm, its capital resources requirement is taken to be ***the higher*** of:

3. The aggregate of the Credit Risk Capital Requirement ("CRCR") and Market Risk Capital Requirement ("MRCR"); and
4. Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	29.0	26.5	11.7	0.9
Corporate	12.5	15.2	12.0	1.0
Exposures in default	1.8	1.6	2.7	0.2
Other	0.0	0.0	0.0	0.0
Central government and central banks	0.2	0.1	0.1	0.0
Exposures to public sector entities	0.0	0.1	0.0	0.0
Total	**43.5**	**43.5**	**26.5**	**2.1**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	39.1
Rest of Europe	2.9
Other	1.6
Total	**43.5**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	41.5
Undated*	2.0
Total	**43.5**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total CRCR	**2.1**	**2.0**
Risk Weighted Assets (RWA)	**26.5**	**25.0**

2.4 Market Risk Capital Requirement

The Firm calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of the 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total MRCR	**0.4**	**0.4**
RWA	**5.1**	**4.8**

2.5 Fixed Overhead Requirement

Given the Firm's classification as a Limited Licence Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	**3.3**	**5.2**
Notional RWA	**41.2**	**64.7**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Licence Firm (under Article 95(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £32.0m and £30.5m respectively:

£m	**31 Dec 2019**	**31 Dec 2018**
FOR	3.3	5.2
Total Pillar 1 Requirement	**3.3**	**5.2**
Capital Resources	35.3	35.7
Excess Capital Resources	**32.0**	**30.5**
Total RWA	41.1	64.7
Capital Ratio	**85.8%**	**55.2%**

ICAP GLOBAL DERIVATIVES LIMITED

1 Capital Resources

The Capital Resources of ICAP Global Derivatives Limited ("IGDL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	19.5	19.5
Common Equity Tier One Capital	19.5	19.5
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	19.5	19.5
Tier Two Capital	-	-
Total Capital	**19.5**	**19.5**
Deductions from Total Capital:	-	-
Capital Resources	**19.5**	**19.5**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Distributable capital contribution reserve.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Licence Firm, its capital resources requirement is taken to be ***the higher*** of:

5. The aggregate of the Credit Risk Capital Requirement ("CRCR") and Market Risk Capital Requirement ("MRCR"); and
6. Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	22.9	22.9	4.6	0.4
Corporate	4.5	4.5	4.5	0.4
Exposures in default	1.1	1.1	1.6	0.1
Other	0.0	0.0	0.0	0.0
Central government and central banks	0.0	0.1	0.0	0.0
Total	**28.5**	**28.6**	**10.7**	**0.9**

Credit risk exposure by geographic distribution as at 31 December 2019

£m	Exposure Value
United Kingdom	24.7
Rest of Europe	0.5
United States	3.0
Other	0.3
Total	**28.5**

Credit risk exposure by residual maturity as at 31 December 2019

£m	Exposure Value
Less than one year	27.4
Undated*	1.1
Total	**28.5**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total CRCR	0.9	0.9
Risk Weighted Assets (RWA)	10.7	11.0

2.4 Market Risk Capital Requirement

The Firm calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of the 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
Total MRCR	0.4	1.1
RWA	5.1	13.6

2.5 Fixed Overhead Requirement

Given the Firm's classification as a Limited Licence Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

£m	31 Dec 2019	31 Dec 2018
FOR	4.4	4.4
Notional RWA	54.4	55.4

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Licence Firm (under Article 95(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of £15.1m and £15.1m respectively:

£m	**31 Dec 2019**	**31 Dec 2018**
FOR	4.4	4.4
Total Pillar 1 Requirement	**4.4**	**4.4**
Capital Resources	19.5	19.5
Excess Capital Resources	**15.1**	**15.1**
Total RWA	54.4	55.4
Capital Ratio	**35.8%**	**35.2%**

ISWAP EURO LIMITED

1 Capital Resources

The Capital Resources of iSwap Euro Limited ("iSwap" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

€m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	14.7	13.0
Common Equity Tier One Capital	14.7	13.0
Tier One Deductions:		
Intangible assets	(1.5)	(2.3)
DTA on losses	(0.6)	(1.2)
Tier One Capital After Deductions	12.6	9.5
Tier Two Capital	-	-
Total Capital	**12.6**	**9.5**
Deductions from Total Capital:	-	-
Capital Resources	**12.6**	**9.5**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Distributable capital contribution reserve.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Licence Firm, its capital resources requirement is taken to be ***the higher*** of:

1. The aggregate of the Credit Risk Capital Requirement ("CRCR") and Market Risk Capital Requirement ("MRCR"); and
2. Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component ("CRCC")

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm's exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any 'other items' falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired.

Credit risk exposure by exposure class as at 31 December 2019

€m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	9.7	8.7	1.9	0.2
Corporate	2.3	2.1	2.3	0.2
Equity	-	-	-	-
Other	0.0	0.0	0.0	0.0
Exposures in default	0.5	0.6	0.8	0.1
CIU	-	-	-	-
Central government and central banks	1.3	1.2	3.3	0.3
Total	**13.8**	**12.6**	**8.3**	**0.8**

Credit risk exposure by geographic distribution as at 31 December 2019

€m	Exposure Value
United Kingdom	13.3
Rest of Europe	0.5
Other	0.0
Total	**13.8**

Credit risk exposure by residual maturity as at 31 December 2019

€m	Exposure Value
Less than one year	12.5
Undated*	1.3
Total	**13.8**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

€m	31 Dec 2019	31 Dec 2018
Total CRCR	**0.7**	**0.6**
Risk Weighted Assets (RWA)	**8.3**	**7.0**

2.4 Market Risk Capital Requirement

The Firm calculates a PRR on its ‘non-trading book’ exposures, as required under Part 3 Title V of the CRR.

The Firm’s total Market Risk Capital Requirement (“MRCR”), consisting of the ‘non-trading book’ PRRs, for 31 December 2019 and 31 December 2018 was:

€m	31 Dec 2019	31 Dec 2018
Total MRCR	**0.2**	**0.5**
RWA	**2.1**	**5.8**

2.5 Fixed Overhead Requirement

Given the Firm’s classification as a Limited Licence Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement (“FOH”) in accordance with Article 97 of the CRR.

The Firm’s Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

€m	31 Dec 2019	31 Dec 2018
FOR	**1.3**	**1.2**
Notional RWA	**16.7**	**15.3**

2.6 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Licence Firm (under Article 95(1) of the CRR).

2.7 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due (“the Overall Financial Adequacy Rule”).

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of €11.3m and €8.3m respectively:

€m	31 Dec 2019	31 Dec 2018
FOR	1.3	1.2
Total Pillar 1 Requirement	**1.3**	**1.2**
Capital Resources	12.6	9.5
Excess Capital Resources	**11.3**	**8.3**
Total RWA	16.7	15.3
Capital Ratio	**75.4%**	**62.0%**

PVM OIL FUTURES LIMITED

1 Capital Resources

The Capital Resources of PVM Oil Futures Limited ("PVMOFL" or the "Firm") are determined in accordance with Part II of the CRR.

The table below sets out the Capital Resources of the Firm as at 31 December 2019 and 31 December 2018, reflecting the regulatory capital return submitted for these dates:

$m	31 Dec 2019	31 Dec 2018
Share Capital and Reserves[1]	**16.3**	**16.4**
Common Equity Tier One Capital	16.3	16.4
Tier One Deductions:		
Intangible Assets	-	-
Tier One Capital After Deductions	**16.3**	**16.4**
Tier Two Capital	-	-
Total Capital	**16.3**	**16.4**
Deductions from Total Capital:	-	-
Capital Resources	**16.3**	**16.4**

1. Share Capital and Reserves does not include unaudited profits as at the balance sheet date.

Common Equity Tier One capital comprises the following elements:

- Fully paid up ordinary share capital;
- Share premium;
- Retained earnings; and
- Other reserves.

2 Capital Resources Requirement

2.1 Introduction

Given the Firm's classification as an IFPRU Limited Activity Firm, its capital resources requirement is taken to be ***the aggregate*** of the applicable:

- Credit Risk Capital Requirement;
- Market Risk Capital Requirement;
- Settlement Risk; and
- Fixed Overhead Requirement ("FOR").

2.2 Credit Risk Capital Requirement

The Credit Risk Capital Requirement ("CRCR") consists of two elements and is calculated as follows:

2.2.1 Credit Risk Capital Component (“CRCC”)

The Firm has adopted the standardised approach to calculating risk weights in accordance with Chapter 2 of Title II of the CRR.

In accordance with this rule, a capital charge is taken to support the Firm’s exposure to outstanding Name Passing brokerage and cash deposits. In addition, the Firm also includes within its CRCC calculation, any ‘other items’ falling within Article 134 of the CRR. These include:

- Tangible and intangible assets;
- Other receivables, prepayments and accrued income.

The nominated External Credit Assessment Institution (ECAI) is Fitch, whose ratings are used in the determination of risk weights for the following exposure classes;

- Institutions
- Corporates
- Central governments and central banks

The majority of credit risk exposures are with external, highly rated institutions or with unrated corporate entities within the TP ICAP Group. No exposures are deemed to be impaired

Credit risk exposure by exposure class as at 31 December 2019

$m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	17.6	18.0	3.6	0.3
Corporate	0.8	0.6	0.7	0.0
Equity	0.0	0.0	0.0	0.0
Exposure in default	2.2	1.7	3.4	0.3
Other	0.0	0.1	0.0	0.0
Central government and central banks	0.0	0.0	0.0	0.0
Total	**20.6**	**20.4**	**7.7**	**0.6**

Credit risk exposure by geographic distribution as at 31 December 2019

$m	Exposure Value
United Kingdom	16.1
Rest of Europe	2.9
Other	1.6
Total	**20.6**

Credit risk exposure by residual maturity as at 31 December 2019

$m	Exposure Value
Less than one year	18.4
Undated*	2.2
Total	**20.6**

*Undated items include investment in subsidiaries.

2.2.2 Counterparty Risk Capital Component ("CPCC")

The Firm is exposed to short term counterparty credit risk on derivatives where the Firm acts as an executing broker on an exchange, during the period between the execution of the trade and the client claiming the trade. Counterparty credit risk on these derivatives is calculated using the mark to market method in accordance with Article 274 of CRR.

Counterparty credit risk exposure as at 31 December 2019

$m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	-	-	-	-

*In the table above, the gross exposure for derivatives is the gross positive fair value

2.2.3 Total CRCR

Applying the above rules, the CRCR for 31 December 2019 and 31 December 2018 was:

$m	31 Dec 2019	31 Dec 2018
CRCC	0.6	0.5
CPCC	-	-
Total CRCR	**0.6**	**0.5**
Risk Weighted Assets (RWA)	**7.7**	**6.2**

2.3 Market Risk Capital Requirement

The Firm's 'trading book' arises only where the Firm, when broking a trade on a Matched Principal basis, has failed to match clients' orders. Such positions are marked-to-market on a daily basis and a Position Risk Requirement ("PRR") calculated in accordance with Part 3 Title IV of the CRR. The Firm also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The Firm's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2019 and 31 December 2018 was:

$m	31 Dec 2019	31 Dec 2018
Trading Book PRR	-	-
Non-Trading Book PRR	0.2	0.2
Total MRCR	**0.2**	**0.2**
RWA	**2.8**	**3.0**

2.4 Fixed Overhead Requirement

Given the Firm's classification as a Limited Activity Firm, it is exempted from the requirement to calculate an Operational Risk Capital Requirement under Title III of the CRR. Instead, it is required to calculate a Fixed Overhead Requirement ("FOH") in accordance with Article 97 of the CRR.

The Firm's Fixed Overhead Requirement as at 31 December 2019 and 31 December 2018 was:

$m	31 Dec 2019	31 Dec 2018
FOR	2.1	2.2
Notional RWA	26.7	27.0

2.5 Large Exposure Requirement

In accordance with Article 388, the Firm is not subject to the Large Exposure Regime, due to the fact that the Firm is a Limited Activity Firm (under Article 96(1) of the CRR).

2.6 Pillar 2

As an FCA regulated firm, the Firm is obliged to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due ("the Overall Financial Adequacy Rule").

It is also required to have in place sound, effective and complete processes, strategies and systems to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources that it considers adequate to: (i) comply with the Overall Financial Adequacy Rule; (ii) provide sufficient cover for the risks to which it is or might be exposed; and (iii) meet its future Capital Resources Requirements.

The Firm's Board periodically assesses the adequacy of the Firm's financial resources, including through the Internal Capital Adequacy Assessment Process ("ICAAP").

3 Capital Adequacy

The table below demonstrates that the Firm meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources for 31 December 2019 and 31 December 2018 of $13.4m and $13.5m respectively:

$m	31 Dec 2019	31 Dec 2018
CRCR	0.6	0.5
MRCR	0.2	0.2
FOR	2.1	2.2
Total Pillar 1 Requirement	**2.9**	**2.9**
Capital Resources	16.3	16.4
Excess Capital Resources	**13.4**	**13.5**
Total RWA	37.2	36.2
Capital Ratio	**43.8%**	**45.3%**

4. Capital Buffers

The table below provides the geographical distribution of the Firm's credit exposures relevant for the calculation of its Countercyclical Capital Buffer (CCyB) as at 31 December 2019. The total CCyB for 31 December 2019 and 31 December 2018 were $0.1m and $0.2m respectively.

£m	CCyB rate	CCyB
UK	1.0%	0.1
Other	-	-
Total		**0.1**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2019 and 31 December 2018 was $1.0m and $0.7m respectively.