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## Audit Committee Terms of Reference

The “**Group**” shall mean TP ICAP plc (the “**Company**”) and its subsidiaries (each subsidiary individually to be referred to as a “**Legal Entity**”)¹. The “**Board**” shall mean the Board of Directors of the Company.

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### 1. Membership

- 1.1. Members of the Audit Committee (the “**Committee**”) shall be appointed by the Board, on the recommendation of the Nominations and Governance Committee and in consultation with the chairman of the Committee. The Committee shall comprise not less than three members. All members shall be independent Non-executive Directors. At least one member should have recent, relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.2. The chairman of the Committee (the “**Committee Chairman**”) shall be appointed from time to time by the Board. In case of the temporary absence of the Committee Chairman, one of the Committee members nominated by the Committee Chairman or elected by the other members of the Committee, shall act as chairman. Where, at any meeting of the Committee, an equal number of votes have been cast for and against any resolution, the Committee Chairman shall be entitled to a casting vote. The Committee Chairman must also be a member of the Risk Committee.
- 1.3. The quorum shall be any two members.
- 1.4. Members of the Committee shall be identified in the Company's Annual Report.
- 1.5. The Chairman of the Board shall not be a member of the Committee.

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### 2. Secretary

- 2.1. The Secretary of the Committee shall be the Group Company Secretary or their nominated alternative, as appointed from time to time by the Committee.

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¹ For the avoidance of doubt, the following Financial Conduct Authority (“**FCA**”) authorised entities are all included within the Group: ICAP Securities Limited, Tullett Prebon (Securities) Limited, Tullett Prebon (Europe) Limited, and ICAP WCLK Limited (together the “**TP ICAP UK Regulated Entities**”, each a “**UKRE**”).



- 2.2. The Secretary of the Committee shall:
- 2.2.1. ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
  - 2.2.2. ascertain at the beginning of each meeting if any conflict of interest exists and minute it accordingly;
  - 2.2.3. minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance and key discussion and action points. The minutes of the meeting will be approved by the Committee Chairman and circulated promptly to all members of the Committee.

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### **3. Authority of the Committee**

- 3.1. The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 3.2. The Committee is authorised by the Board to investigate any activity within its terms of reference and seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

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### **4. Attendance at meetings**

- 4.1 No-one other than the Committee Chairman and members are entitled to be present at a meeting of the Committee. The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group General Counsel, Chief Risk Officer, Chief Internal Auditor and the External Audit Partner will normally attend the meetings. Other attendees may attend at the invitation of the Committee, as appropriate.
- 4.2 At least once a year the Committee shall meet with the External and Internal Auditors without Executive Board members present to discuss the remit of the Auditor and any issues arising from the audit.
- 4.3 The Chief Internal Auditor will have direct access to the Committee Chairman and members at all times.

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### **5. Frequency of meetings**

- 5.1 Meetings shall be held not less than three times a year.
- 5.2 The Committee Chairman, and External or Internal Auditors may request a meeting of the Committee at any time outside the normal schedule of meetings if they feel this to be necessary.

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## 6. Purpose of the Committee

- 6.1. The Committee is responsible for supporting the Board in discharging its responsibilities for audit and related matters as outlined in point 7. "Duties and Responsibilities of the Committee" and should have oversight of the Group as a whole as regards to matters within its remit and, unless required otherwise by regulation, carry out the duties in respect of the Company, major subsidiary undertakings and the Group as a whole.

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## 7. Duties and Responsibilities of the Committee

- 7.1. In carrying out their responsibilities, Committee members must act in accordance with the statement of Directors' Duties set out in Sections 171-177 of the Companies Act 2006 and the UK Corporate Governance Code.
- 7.2. The duties and responsibilities of the Committee shall be:
- 7.2.1. to make recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor;
  - 7.2.2. to approve the audit fee and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 7.2.3. to monitor and review annually the External Auditor's independence and objectivity, taking into consideration relevant UK law, regulation, the Financial Reporting Council's Audit and Assurance Revised Ethical Standard 2016 ("**Ethical Standard**") and other professional requirements and considering all relationships between the Auditor and the Company which would impair the Auditor's independence and objectivity;
  - 7.2.4. to develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
  - 7.2.5. to initiate and supervise a tender process for the external audit in accordance with regulatory requirements, including influence over the appointment of the engagement partner, and be responsible for the selection procedures for the appointment of audit firms;
  - 7.2.6. if an Auditor resigns, to investigate the issues leading to this and decide whether any action is required;

- 7.2.7. to agree with the Board a policy on the employment of former employees of the Company's Auditor, and monitoring the implementation of this policy;
- 7.2.8. to monitor the Auditor's compliance with the Ethical Standard and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- 7.2.9. to assess annually the qualifications, expertise and resources of the External Auditor and the effectiveness of the audit process;
- 7.2.10. to review and approve the annual external audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 7.2.11. to oversee the relationship with the External Auditor including review and agreement of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 7.2.12. to monitor the integrity of the half-year and annual financial statements before submission to the Board and any formal announcements relating to the Company's financial performance, including, inter alia:
  - (i) any changes in accounting policies and practices;
  - (ii) significant financial reporting judgements and key estimates;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumption;
  - (v) compliance with accounting standards;
  - (vi) compliance with regulatory and legal requirements;
  - (vii) the Strategic Report to be made in the Company's Annual Report;
  - (viii) compliance with the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules;
  - (ix) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
  - (x) the longer-term viability statement;
- 7.2.13. to provide advice to the Board on whether the Annual Report and financial statements, taken as a whole, is fair balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;

7.2.14. generally to review and challenge where necessary all material information presented with the financial statements. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board;

7.2.15. to review the results of the audit and in particular:

- (i) to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (ii) to review the level of errors identified during the audit;
- (iii) to identify any risks to audit quality and to consider how the external auditor addressed those risks identified by the Committee;
- (iv) to consider the auditor's perception of the interaction with senior management and other members of the financial team;
- (v) to review the External Auditor's representation letter, management letter and management's response; and
- (vi) to consider any significant ventures, investments or operations which are not subject to external audit.

7.2.16. to evaluate the risks to the quality and effectiveness of the financial reporting process, especially in light of the Auditor's communication with the Committee;

7.2.17. to monitor and review, the effectiveness of the Company's systems of internal control and from time to time to make recommendations to ensure the maintenance of a sound system of internal control to safeguard shareholders' investment and the Company's assets;

7.2.18. to monitor and review the effectiveness of the internal audit function, including, inter alia, approving the appointment and removal of the Internal Auditor, considering and approving the role and mandate of the internal audit function, reviewing and approving the annual internal audit plan and its results, ensuring that the internal audit plan is aligned to the key risks of the Company, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced, has freedom to act, has adequate access to information and has appropriate standing within the Company and independence from management;

7.2.19. to consider all reports from the Internal Auditor and review and monitor management's response to the findings;

7.2.20. to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that such arrangements

allow for the proportionate and independent investigation of such matters and for appropriate follow-up action;

7.2.21. to review the Company's procedures for preventing and detecting fraud and bribery;

7.2.22. to report to the Board on how it has discharged its responsibilities;

7.2.23. to investigate into, and report and/or make recommendations regarding, any matter in any way connected with the matters which the Committee is to review, consider or determine or on which it is to advise, or which is referred to the Committee by the Board; and

7.2.24. to liaise with the Risk Committee to ensure clear delineation of responsibilities.

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## **8. Reporting Procedures**

8.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

8.2. A note of the decisions of the Committee signed by the Committee Chairman shall be a sufficient record and conclusive evidence of the validity of the Committee's decisions.

8.3. The Secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board as appropriate.

8.4. The Committee Chairman shall attend each AGM and shall be available to answer questions raised by shareholders at the AGM.

8.5. The Committee shall produce a report to be included in the Annual Report which describes the work of the Committee and how it has discharged its responsibilities. This report, signed by the Committee Chairman, shall include all relevant information requirements of the UK Corporate Governance Code and any applicable legislation and guidance, including:

- (i) a summary of the role and work of the Committee;
- (ii) how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period, if not provided elsewhere;
- (iii) the number of Committee meetings;
- (iv) how the Committee's performance evaluation has been conducted;
- (v) an explanation of how the Committee has assessed the effectiveness of the external audit process and of the approach taken to the appointment or reappointment of the external auditor; the length of tenure of the current audit firm; the current audit partner name, and for how long the partner has held the

- role; when a tender was last conducted; and advance notice of any retendering plans;
- (vi) if the External Auditor provides non-audit services, the Committee's policy for approval of non-audit services; how auditor objectivity and independence is safeguarded; the audit fees for the statutory audit of the Company's consolidated financial statements paid to the Auditor and its network firms for audit related services and other non-audit services, including the ratio of audit to non-audit work; and for each significant engagement, or category of engagements, explain what the services are and why the Committee concluded that it was in the interests of the Company to purchase them from the external auditor;
  - (vii) an explanation of how the Committee has assessed the effectiveness of internal audit and satisfied itself that the quality, experience and expertise of the function is appropriate for the business;
  - (viii) the significant issues that it considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditors; the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review team; and where a Company's audit has been reviewed by the FRC's Audit Quality Review team, the Committee should discuss the findings with their auditors and consider whether any of those findings are significant and, if so, make disclosures about the findings and the actions they and the auditors plan to take. This discussion should not include disclosure of the audit quality category; and
  - (ix) any other issues on which the Board has requested the Committee's opinion.
- 8.6. The Committee shall review all matters escalated from the Group Risk, Conduct and Culture Committee ("**GRCCC**") and UKRE Boards as appropriate.
- 8.7. A sub-committee may be established where it meets the following criteria, and will report to the Committee by way of regular updates at meetings of the Committee:
- 8.7.1. it is established under the delegated authority of the Committee;
  - 8.7.2. it has well-defined terms of reference, agendas, papers and is formally minuted; and
  - 8.7.3. it is formed to provide advice, coordination and encourage challenge for a decision to be made by the accountable executive.
  - 8.7.4. The Committee shall on a timely basis consider all matters raised for its attention by any of its sub-committees.



- 8.8. All other arrangements that do not meet the requirements of a sub-committee as outlined above will be classed as business meetings, working groups or forums.

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**9. Procedural and Other Matters**

- 9.1. Where these terms of reference contemplate the Committee taking decisions or making recommendations applicable to any UKRE it should be read as decisions and/or recommendations from a whole Group perspective and subject to the relevant UKRE Boards and relevant committees exercising their own independent judgment about the interests of and regulatory compliance by that UKRE.
- 9.2. The Committee will arrange, at least annually, for the periodic review of the Committee's own performance and its terms of reference and recommend any changes it considers necessary to the Board for approval.
- 9.3. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 9.4. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 9.5. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

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