TP ICAP EMEA SUB-CONSOLIDATION GROUP

PILLAR 3 DISCLOSURES - 2021

1. Introduction

1.1 Background

The Capital Requirements Regulation (CRR) and Capital Requirement Directive IV (CRD IV), which represented the United Kingdom's ("UK") 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 the TP ICAP EMEA Sub-Consolidation Group and its subsidiaries ("the EMEA Sub-Group") to meet the requirements contained therein.

1.2 Disclosure Policy

In accordance with Article 431(3) of CRR the EMEA Sub-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 EMEA Sub-Group and its customers. No disclosures have been omitted on these grounds.

In accordance with Article 433 of CRR, the EMEA Sub-Group will publish this disclosure at least annually on the TP ICAP 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 EMEA Sub-Group 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 EMEA Sub-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 EMEA Sub-Group also has an established data and analytics business (Tullett Prebon Information, ICAP Information and PVM Data Services), which collects, cleanses, collates and distributes real-time information to market data providers and also provides consultancy services.

The EMEA Sub-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 EMEA Sub-Group operates its data and analytics business through separate subsidiaries.

All of the EMEA Sub-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 EMEA Sub-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 EMEA Sub-Group, do not undertake any regulated activities.

2.2 Prudential Supervision

The EMEA Sub-Group is subject to consolidated supervision by the FCA and the EMEA Sub-Group's broking subsidiaries in the UK that are FCA regulated on an individual 'solo' basis are:

- TP ICAP Broking Limited (formerly known as Tullett Prebon (Securities) Limited);
- Tullett Prebon (Europe) Limited;
- Tullett Prebon (Equities) Limited;
- TP ICAP Markets Limited;
- The Link Asset & Securities Company Limited;
- ICAP WCLK Limited;
- ICAP Europe Limited;
- ICAP Energy Limited;
- ICAP Global Derivatives Limited;
- iSwap Euro Limited;
- Louis Capital Markets UK;
- PVM Oil Futures Limited; and
- PVM Oil Associates Limited.

The regulatory capital position as at 31 December 2021 of TP ICAP Broking Limited Limited, Tullett Prebon (Europe) Limited, TP ICAP Markets Limited, The Link Asset & Securities Company Limited, ICAP WCLK Limited, ICAP Europe Limited, ICAP Energy Limited, ICAP Global Derivatives Limited, Louis Capital Markets, iSwap Euro Limited and PVM Oil Futures Limited are set out in Appendix A.

The following entities have transferred their businesses to other EMEA Sub-Group companies and are in the process of cancelling their regulatory permissions: i) Tullett Prebon (Equities) Limited transferred its business to Tullett Prebon (Europe) Limited in 2010; ii) The Link Asset & Securities Company Limited transferred its business to TP ICAP Markets Limited in 2019; and ICAP Europe Limited transferred its business to TP ICAP Markets Limited in 2020. 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.

iSwap Euro Limited transferred its business to iSwap Euro BV in 2020, however, it is due to re-commence trading in Q4 2022, accordingly its regulatory capital position as at 31 December 2021 is set out in Appendix A.

3 Enterprise Risk Management Framework

The purpose of the ERMF is to enable the EMEA Sub-Group to understand the risks to which it is exposed and to manage these risks in line with its stated risk appetite. The ERMF achieves this objective through a number of mutually reinforcing components, which include the operation of a robust risk management and governance structure based on the three lines-of-defence model, the fostering of an appropriate risk management culture and a range of risk management processes to enable the EMEA Sub-Group to identify, assess and manage its risks effectively.

Organisational Structure

The ERMF is operated through a three lines of defence ('3LOD') model whereby risk management, risk oversight and risk assurance roles are undertaken by separate and independent functions, with all 3LOD overseen by the EMEA Sub-Group's governance committee structure (including Risk, Audit and Remuneration Committees). The EMEA Sub-Group Boards have overall responsibility for the management of risk within the EMEA Sub-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 EMEA Sub-Group has an appropriate and effective risk management and internal control framework; and

> Monitoring the EMEA Sub-Group's risk profile against the EMEA Sub-Group's defined risk appetite.

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

> EMEA Board Risk Committee; and

> EMEA Risk, Conduct and Governance Committee.

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 EMEA Sub-Group's compliance with regulatory requirements in all of the jurisdictions in which the EMEA sub-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 EMEA Sub-Group Boards (and its various Committees) in discharging their 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.

3.1 Risk culture

The EMEA Sub-Group recognises that in order for the ERMF to be operated effectively, it must be underpinned by an appropriate risk culture. The EMEA Sub-Group seeks to foster the desired risk management values and behaviours through a number of components including the setting of an appropriate 'tone-from-the-top', ensuring clear risk management accountabilities for all employees, the provision of risk training, performance management, and by ensuring that staff are able to raise risk management concerns through the TP ICAP Group's Whistleblowing framework.

3.2 Organisational Structure

The ERMF is operated through a three lines of defence ('3LOD') model whereby risk management, risk oversight and risk assurance roles are undertaken by separate and independent functions, with all 3LOD overseen by the ENEA Sub-Group's governance committee structure (including Risk and Remuneration Committees).

3.3 Risk Strategy

The EMEA Sub-Group Boards adopt an annual Risk Strategy which identifies the core risk management objectives that must be met for the EMEA Sub-Group to deliver its Business Strategy.

The Risk Strategy constitutes the guiding principles by which all of the EMEA Sub-Group's risk management activity must be undertaken.

3.4 Risk Identification

The EMEA Sub-Group reviews its risk profile on an ongoing basis to ensure that it identifies all material risks arising from the day-to-day operation of its business and the implementation of its business strategy, as well as any emerging risks facing the EMEA Sub-Group. These risks are recorded in the EMEA Sub-Group's Risk Register, with each risk allocated to a designated senior manager Risk Lead who has overall responsibility for ensuring it is managed effectively.

A formal review of the EMEA Sub-Group's risk profile is undertaken on a quarterly basis as part of the EMEA Sub-Group's Risk Committee review cycle. In addition, the EMEA Sub-Group seeks to identify changes to the risk profile on a dynamic basis through the various risk management processes and structures operated under the ERMF. This includes assessing the risk profile of new business initiatives and analysing risk events.

3.5 Risk Appetite

The EMEA Sub-Group Boards articulate the overall level of risk the EMEA Sub-Group is willing to accept for the various risks it faces within its Risk Appetite Statements.

The Risk Appetite Statements set the parameters within which the EMEA Sub-Group must manage its risk profile, and so provides the context for all of the EMEA Sub-Group's risk management activity. This includes defining the EMEA Sub-Group's overall loss tolerance and its targeted level of prudential adequacy.

The Risk Appetite Statements are cascaded and operationalised throughout the EMEA Sub-Group through a framework of risk appetite implementation metrics which provide the operational parameters the business must operate within on a day-to-day basis.

3.6 Systems and Controls

Definition of Requirements
The EMEA Sub-Group maintains Risk Management Standards ('RMS') which articulate the key systems and controls which must be implemented to manage each of its material risks within risk appetite. This includes the minimum requirements in relation to policies, controls and training.

Implementation
The EMEA Sub-Group assesses adherence to these requirements through a formal annual control and policy attestation process that provides its management and governance forums with a comprehensive assessment of the status of the EMEA Sub-Group's risk management environment.

3.7 Issue Management Process

The EMEA Sub-Group operates a formal issue management process across the 3LOD to address any issues which could materially impact the EMEA Sub-Group's risk profile. The issue management process includes a formal risk acceptance process where it is not practical or desirable to address an issue at the point identified.

All actions and deferrals are subject to a formal approval process which is calibrated to reflect the severity of the issue.

3.8 Risk Event Management Process

The EMEA Sub-Group has a defined process for the escalation, notification and logging of all risk events to ensure that they can be addressed and analysed appropriately. This includes the conducting of detailed root-cause analysis for significant events.

3.9 Risk Assessment and Monitoring

The EMEA Sub-Group assesses and monitors its risk profile on an ongoing basis to ensure that it is operating within risk appetite and to identify any remedial action required to maintain or return the EMEA Sub-Group to within risk appetite.

This monitoring is undertaken through:
> An annual Risk Self-Assessment process;
> The quarterly Risk Committee review process; and
> Ongoing operational monitoring by the 1LOD and 2LOD.

Any breach of risk appetite parameters or other significant issue identified through the monitoring activity must be escalated to the appropriate level of management and governance.

3.10 Risk Assurance

Internal Audit, Risk and Compliance undertake independent and targeted reviews of selected areas of the EMEA Sub-Group's business and operations to provide Management and Governance Committees with additional insights and assurance in relation to specific aspects of the EMEA Sub-Group's risk profile, and highlight areas requiring remediation.

The scope of the assurance activity is approved by the TP ICAP Group's Risk and Audit Committees.

3.11 Prudential Assessments

The EMEA Sub-Group periodically assesses its capital and liquidity adequacy by reference to the targeted confidence level adopted in the Risk Appetite Statements (and applicable regulatory requirements).

The EMEA Sub-Group assesses its stressed risk profile through a formal stress testing programme which covers all material risk types. This programme includes reverse stress testing which aims to assist the EMEA Sub-Group to identify and mitigate potential causes of business failure.

3.12 Risk Strategy

The EMEA Sub-Group Boards are responsible for setting the EMEA Sub-Group's Risk Strategy which identifies the core risk management objectives that must be met for the EMEA Sub-Group to deliver its Business Strategy and, as such, provides the overarching context for all of the EMEA Sub-Group's risk management activity. The EMEA Sub-Group has defined the following risk objectives within its current Risk Strategy:

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 EMEA Sub-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 its regulators and to ensure reasonable and proportionate compliance with all applicable laws and regulations to which the EMEA Sub-Group is subject.

Reputation - To maintain the EMEA Sub-Group's reputation as an unbiased intermediary in the financial markets, with market integrity 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 EMEA Sub-Group's business, and to ensure that the EMEA Sub-Group does not undertake any activity which could undermine its ability to meet its strategic goals.

4 Principal Risks

The EMEA Sub-Group Boards have conducted a robust assessment of the principal risks facing the EMEA Sub-Group, defined for the purposes of this report as those risks that could have a material impact on its business model, future performance, solvency, liquidity or reputation.

The EMEA Sub-Group Boards have considered a wide range of information as part of this assessment, including reports provided by the Risk function and senior management and the key findings from the EMEA Sub-Group's various risk identification and assessment processes described above.

The EMEA Sub-Group records all of its identified risks within its Risk Register and periodically assesses the risk profile of each risk against the target residual risk profile defined in the EMEA Sub-Group's risk appetite framework. The EMEA Sub-Group formally reviews and assesses its risk profile on a quarterly basis as part of the EMEA Sub-Group's Risk Committee governance cycle. In addition to the formal reviews noted above, the EMEA Sub-Group monitors its risk profile against risk appetite on an ongoing basis as part of its day-to-day business management and will update its risk framework outside of the formal review and assessment cycle where required to reflect any material changes to risk profile. This includes any changes to risk profile identified through the EMEA Sub-Group's change management framework.

The EMEA Sub-Group undertakes stress testing and scenario analyses to model its potential risk exposure at the more extreme 'stressed loss' levels of severity. The TP ICAP Group also conducts reverse stress tests to identify those risk scenarios that could threaten the viability of the TP ICAP Group and the EMEA Sub-Group and evaluate their ability to withstand or recover from such scenarios.

Finally, the EMEA Sub-Group also reviews its emerging risk profile as part of the risk identification and assessment process. An emerging risk, for these purposes, is defined as any new type of risk that may pose a material threat to the EMEA Sub-Group in the future, and which the EMEA Sub-Group should monitor so that it is in a position to actively manage the risk if, and when, it becomes a more immediate threat to the EMEA Sub-Group. Each emerging risk is recorded in the EMEA Sub-Group's Emerging Risk Register, along with an assessment of its potential impact and an estimate of the timeframe within which it is likely to materialise.

The EMEA Sub-Group Boards have considered the findings of all of the above assessment types in identifying the principal risks which are set out in the table overleaf. The table includes an assessment of the impact of each risk by reference to the potential impact that each risk could have on the EMEA Sub-Group's business model, future performance, solvency or liquidity, or reputation. It should be noted that the impact stated for each risk is the potential impact in stressed conditions, net of any risk mitigation adopted by the EMEA Sub-Group, as opposed to the 'expected' impact at higher levels of probability.

Rating	Risk Impact
1	A risk that could fundamentally threaten the EMEA Sub-Group's business model, future performance, solvency, liquidity or reputation.
2	A risk that could significantly impact the EMEA Sub-Group's business model, future performance, solvency, liquidity or reputation.
3	A risk that could materially impact the EMEA Sub-Group's business model, future performance, solvency, liquidity or reputation.

STRATEGIC AND BUSINESS RISK

1.1 Adverse change to regulatory framework - The risk of a fundamental change to the regulatory framework which has a material adverse impact on the EMEA Sub-Group's business and economic model.

Impact Rating
> 1

Potential Impact
> Reduction in broking activity
> Reduced earnings and profitability
> Increases in regulatory capital requirements

Change in risk exposure since 2020
> No change

Mitigation
> Monitoring of regulatory developments
> Involvement in consultation and rule setting processes

Key risk indicators
> Status of regulatory change initiatives

Link to our strategic priorities and legal obligations
> Electronification
> Aggregation
> Diversification

1.2 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. This would include any deterioration in the macro-economic conditions arising from the current situation with Russia and Ukraine.

Impact Rating
> 1

Potential Impact
> Reduction in broking activity
> Pressure on brokerage rates
> Reduced earnings and profitability

Change in risk exposure since 2020
> Increase

Mitigation
> Defined business strategy that seeks to maintain client, geographical and product diversification
> Stress test process (which includes reverse stress tests) to assess the EMEA Sub-Group's ability to absorb significant reductions in business performance and any changes to business model or risk mitigations required

Key risk indicators
> Trade volumes
> Revenues by division
> Operating profit
> Stress test results

Link to our strategic priorities and legal obligations
> Electronification
> Aggregation
> Diversification

1.3 Failure to respond to client requirements **-** The risk that the EMEA Sub-Group fails to respond to evolving customer requirements, including the demand for enhanced electronic broking solutions for certain asset classes.

Impact Rating
> 2

Potential Impact
> Loss of market share
> Reduced earnings and profitability

Change in risk exposure since 2020
> No change

Mitigation
> Proactive engagement with clients through customer relationship management process
> Clearly defined business development strategy which seeks to anticipate and respond to its clients' evolving requirements

Key risk indicators
> Performance against strategy implementation plans
> New business initiatives
> Results of client engagement surveys

Link to our strategic priorities and legal obligations
> Electronification
> Aggregation
> Diversification

***1.4 Impact of Brexit* -** The risk that Brexit leads to a deterioration in the commercial environment and consequential reduction in trading volumes. The risk that the operating model implemented by the EMEA Sub-Group to comply with the loss of EU passporting rights results in a fragmentation of liquidity between UK and EU liquidity pools.

Impact Rating
> 3

Potential Impact
> Loss of market share
> Reduction in broking activity
> Reduced earnings and profitability

Change in risk exposure since 2020
> Decrease

Mitigation
> Scaling-up of EU trading subsidiary to act as the trading hub for EU-based business
> Changes to operating model to maintain UK-EU liquidity
> Proactive engagement with European regulators and clients

Key risk indicators
> Brexit revenue-at-risk
> Performance against Brexit response plans

Link to our strategic priorities and legal obligations
> Aggregation
> Diversification

***1.5 Global health pandemic* -** The risk that the EMEA Sub-Group experiences a significant deterioration in business performance due to a global pandemic (such as COVID-19).

Impact Rating
> 2

Potential Impact
> Reduction in broking activity
> Loss of market share
> Reduced earnings and profitability

Change in risk exposure since 2020
> No Change

Mitigation
> Incident and Crisis Management Framework
> Enhanced remote working capability and protocols developed in response to COVID-19

Key risk indicators
> Trade volumes
> Revenues by division
> Operating profit
> Risk events due to remote working

Link to our strategic priorities and legal obligations
> Diversification

OPERATIONAL RISK

2.1 Cyber-security and data protection - The risk that the EMEA Sub-Group fails to adequately protect itself against cyber-attack or to adequately secure the data it holds, resulting in potential financial loss (including through cyber-enabled fraud), a loss of operability, or the potential loss of critical business or client data.

Impact Rating
> 1

Potential Impact
> Loss of revenue
> Remediation costs
> Damage to reputation
> Regulatory sanctions
> Payment of damages/compensation

Change in risk exposure since 2020
> Increase

Mitigation
> Ongoing monitoring and assessment of the cyber-threat landscape
> Appropriate framework of systems and controls to prevent, identify and contain cyber threats

Key risk indicators
> Cyber-security events/losses
> Vulnerability testing and monitoring
> Data loss events

Link to our strategic priorities and legal obligations
> Electronification
> People, conduct and compliance

2.2 Legal, Compliance and Conduct Risk - The EMEA Sub-Group operates in a highly regulated environment and is subject to the legal and regulatory frameworks of numerous jurisdictions. Failure to comply with applicable legal and regulatory requirements could result in enforcement action being taken against the EMEA Sub-Group, including the incurring of significant fines.

Impact Rating
> 2

Potential Impact
> Regulatory and legal enforcement action including censure, fines or loss of operating licence
> Severe damage to reputation

Change in risk exposure since 2020
> No change

Mitigation
> Compliance function to oversee compliance with regulatory obligations
> Compliance monitoring and surveillance activity
> Compliance training programme to ensure that staff are aware of the regulatory requirements
> Adoption of compliance culture to engender high standards of employee conduct

Key risk indicators
> Internal Compliance policy breaches
> Employee conduct metrics
> Regulatory breaches

Link to our strategic priorities and legal obligations
> People, conduct and compliance

***2.3 Broking process* -** The EMEA Sub-Group is exposed to operational risk at every stage of the broking process, from the execution and arrangement of transactions (with the associated risk of loss arising through closing out error positions or compensating clients) through to the clearing, settlement and invoicing of transactions.

Impact Rating
> 3

Potential Impact
> Financial loss
> Damage to the EMEA Sub-Group's reputation as a reliable market intermediary

Change in risk exposure since 2020
> No change

Mitigation
> On-desk supervision of broking activity
> Issuing of trade recaps and confirmations
> Order and position limits on electronic order books
> Ongoing monitoring to identify potential error trades and any clearing or settlement issues

Key risk indicators
> Risk events
> Settlement fails
> Margin calls

Link to our strategic priorities and legal obligations
> Electronification
> People, conduct and compliance

***2.4 Infrastructure* -** The EMEA Sub-Group is heavily reliant on the effective and resilient operation of a range of infrastructure components, including:
> A complex IT architecture;
> A range of office locations; and
> Key third-party suppliers and market infrastructure providers.

A failure of the EMEA Sub-Group's infrastructure could result in a material loss of business.

Impact Rating
> 3

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

Change in risk exposure since 2020
> No change

Mitigation
> Framework of systems and controls to minimise the risk of operational failure
> Incident and Crisis Management Framework
> Business continuity plans and capability

Key risk indicators
> System outages
> Stress test results

Link to our strategic priorities and legal obligations
> Electronification
> People, conduct and compliance

2.5 Human capital **-** The EMEA Sub-Group operates in a highly competitive recruitment market and is exposed to the risk of losing key front office, support or control staff who are essential to the effective operation of the business.

Impact Rating
> 3

Potential Impact
> Increased staff turnover impacting the EMEA Sub-Group's ability to operate a profitable and resilient business

Change in risk exposure since 2020
> Increase

Mitigation
> Fixed term front office contracts with staggered renewal dates
> Performance management process linked to remuneration
> Introduction of new flexible working arrangement

Key risk indicators
> Staff turnover rates
> Loss of key personnel

Link to our strategic priorities and legal obligations
> People, conduct and compliance

FINANCIAL RISK

3.1 FX Exposure – The risk that the EMEA Sub-Group suffers loss as a result of a movement in FX rates, whether through transaction risk or translation risk.

Impact Rating
> 3

Potential Impact
> Financial loss which could, in extreme cases, impact the EMEA Sub-Group's solvency and liquidity

Change in risk exposure since 2020
> No change

Mitigation
> Ongoing monitoring of the EMEA Sub-Group's FX positions

Key risk indicators
> FX translation exposure
> FX transaction exposure

Link to our strategic priorities and legal obligations
> Diversification

3.2 Liquidity **-** The EMEA Sub-Group is exposed to potential margin calls from clearing houses and correspondent clearers. The EMEA Sub-Group also faces liquidity risk through its requirement to fund matched principal trades which fail to settle on settlement date.

Impact Rating
> 3

Potential Impact
> Reduction in the EMEA Sub-Group's liquidity resources which could, in extreme cases, impact the EMEA Sub-Group's cash-flow

Change in risk exposure since 2020
> No change

Mitigation
> Margin call and trade funding profile monitored against defined limits
> The EMEA Sub-Group maintains liquidity resources in each operating centre to provide immediate access to funds
> Committed £270m TP ICAP Group revolving credit facility ('RCF'), £25m ring-fenced for UK regulated entities.
> Diversification of funding sources
> Overdraft facilities provided by primary settlement institutions

Key risk indicators
> Margin call profile
> Settlement fail – funding requirements
> Unplanned intra-group funding calls
> RCF draw-down

Link to our strategic priorities and legal obligations
> Diversification

3.3 Counterparty credit risk **-** The counterparty credit risk arising from outstanding brokerage receivables, unsettled trades and cash deposits.

Impact Rating
> 3

Potential Impact
> Financial loss which could, in extreme cases, impact the EMEA Sub-Group's solvency and liquidity

Change in risk exposure since 2020
> No Change

Mitigation
> Counterparty exposures managed against credit thresholds that are calibrated to reflect counterparty creditworthiness
> Exposure monitoring and reporting by independent credit risk function

Key risk indicators
> Portfolio exposure
> Client exposure
> Aged debt

Link to our strategic priorities and legal obligations
> Diversification

EMERGING RISKS

***4.1 Technology expertise* -** The financial markets in which the EMEA Sub-Group operates will become increasingly based on complex technology and the use of sophisticated data and analytics. The EMEA Sub-Group's ability to retain its position as a leading market infrastructure provider will be dependent on its ability to develop and implement a technology strategy which keeps pace with technological enhancements and to attract the required data scientists and technology specialists in an increasingly competitive recruitment market.

Impact Rating
> 2

Potential Impact
> Reduction in broking activity
> Reduced earnings and profitability

Change in risk exposure since 2020
> No change

Mitigation
> Ongoing review of the EMEA Sub-Group's strategy in the context of broader market developments and assessment of the IT expertise and resourcing required to deliver it.

Time to materialisation
> 5 to 10 years

Link to our strategic priorities and legal obligations
> Electronification
> Aggregation
> Diversification

***4.2 Climate change – transition to net zero* -** The risk that the EMEA Sub-Group fails to address any adverse impact on its business arising from the transition to a net zero global economy.

Impact Rating
> 3

Potential Impact
> Reduction in broking activity
> Reduced earnings and profitability

Change in risk exposure since 2020
> Increased

Mitigation
> Ongoing monitoring of the impact of net zero policies on client and broader market activity, to ensure that the EMEA Sub-Group can adjust its business strategy to respond effectively if required
Time to materialisation
> 5 years

Link to our strategic priorities and legal obligations
> Diversification

4.3 Deglobalisation **-** The risk that the global economy becomes increasingly fragmented (as per the UK's recent departure from the EU) resulting in increasing divergence in regulatory regimes and the associated fragmentation of liquidity in the financial markets.

Impact Rating
> Reduction in broking activity
> Reduced earnings and profitability

Potential Impact
> 3

Change in risk exposure since 2020
> No change

Mitigation
> Ongoing horizon scanning to identify potential changes to the geopolitical landscape and associated changes to the regulatory frameworks governing financial markets

Time to materialisation
> 5 years

Link to our strategic priorities and legal obligations
> Aggregation

5 Capital Resources

The table below sets out the EMEA Sub-Group's Capital Resources as at 31 December 2021, reflecting the regulatory capital return submitted for 31 December 2021:

£m	31 Dec 2021
Audited Shareholders' Funds	**1,568**
Less: Unaudited profits	(78)
Less: Goodwill and intangibles assets arising on consolidation net of deferred tax and contingent	(877)
Less: Intangible Fixed Assets	(60)
Capital Resources	**553**

6 Capital Resources Requirement

6.1 Introduction

As the EMEA Sub-Group 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).

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 EMEA Sub-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 EMEA Sub-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 EMEA Sub-Group is exposed to counterparty credit risk on derivatives where: i) on a short term basis the EMEA Sub-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 EMEA Sub-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 EMEA Sub-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 2021 were:

£m	31 Dec 2021
CRCC	75
CPCC	-
Total CRCR	**75**
Risk Weighted Assets (RWA)	**935**

6.3 Settlement Risk

The EMEA Sub-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 2021
Settlement risk	**1**
RWA	**15**

6.4 Contribution to the fund of a default CCP

The EMEA Sub-Group is exposed to the risk of default of another member of a qualifying central counterparty (QCCP) to the extent it has made pre-funded contributions to the default fund of a QCCP. The exposure value for the Firm's pre-funded contribution to the default fund of a QCCP is calculated as the amount paid in or the market value of the assets delivered by the Firm reduced by any amount of that contribution that the QCCP has already used to absorb its losses following the default of one or more of its clearing members in accordance with Article 308 of CRR.

The EMEA sub-Group's exposure arising from its contribution to the fund of a default CCP as at 31 December 2021 was:

£m	**31 Dec 2021**
Contribution to the fund of a default CCP	**0.0**
RWA	**2**

6.5 Market Risk Capital Requirement

The EMEA Sub-Group's 'trading book' arises only where one of the EMEA Sub-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 EMEA sub-Group also calculates a PRR on its 'non-trading book' exposures, as required under Part 3 Title V of the CRR.

The EMEA Sub-Group's total Market Risk Capital Requirement ("MRCR"), consisting of both the 'trading book' and 'non-trading book' PRRs, for 31 December 2021 was:

£m	**31 Dec 2021**
Trading Book PRR	1
Non-Trading Book PRR	19
Total MRCR	**20**
RWA	**245**

6.6 Fixed Overhead Requirement

Given the classification of the EMEA Sub-Group's broking subsidiaries as either Limited Activity or Limited Licence,
the EMEA Sub-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 EMEA Sub-Group's Fixed Overhead Requirement as at 31 December 2021 was:

£m	**31 Dec 2021**
FOR	**139**
Notional RWA	**1,741**

6.7 Large Exposure Requirement

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

6.8 Pillar 2

The EMEA Sub-Group is required to provide the FCA with an ICAAP submission for the EMEA Sub-Group as a whole and for each of its UK regulated entities on a solo basis.

7 Capital Adequacy

The table below demonstrates that the EMEA Sub-Group meets the required capital ratio of 8% of Risk Weighted Assets, and held excess capital resources as at 31 December 2021 of £318m:

£m	**31 Dec 2021**
CRCR	75
Settlement risk	1
Contribution to the fund of a default CCP	0
MRCR	20
FOR	139
Total Pillar 1 Requirement	**235**
Capital Resources	553
Excess Capital Resources	**318**
Total RWA	**2,938**
Capital Ratio	**18.8%**

8 Capital Buffers

The application to the EMEA Sub-Group of the various buffers prescribed in the CRR is as follows:

1. Capital Conservation Buffer (CCB) - The CCB was Introduced to ensure that firms can absorb losses in a prolonged stress period and is calculated as 2.5% of RWA as per EU CRD Article 129(1). The EMEA Sub-Group's CCB as at 31 December 2021 was £73m.
2. Countercyclical Capital Buffer (CyCB) - The CyCB was introduced to provide a buffer against systemic cyclical risks arising from the macro-financial environment in which financial institutions operate and is applied to the Firms' total risk weighted assets. The CyCB is calculated as the weighted average of the CyCB rates in effect in the jurisdictions to which firms have a credit exposure. This is derived by applying each relevant jurisdictions CyCB rate to the Firms' credit risk weighted assets in that jurisdiction and dividing this by the firms' total credit risk weighted assets. The majority of the EMEA Sub-Group's credit exposure is in the UK which lowered its

CyCB rate to 0% as of 11 March 2020. The EMEA Sub-Group's total CCyB as at 31 December 2021 was nil.

3. Global Systemically Important Institutions (G-SII) buffer / Systemic Risk Buffer (SRB) - Investment firms regulated by the FCA are not subject to the Global Systemically Important Institutions (G-SII) buffer or the Systemic Risk Buffer (SRB).

9 Non-Applicable Disclosures

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

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

APPENDIX A

The regulatory capital position as at 31 December 2021 of :

- TP ICAP Broking Limited;
- Tullett Prebon (Europe) Limited;
- TP ICAP Markets Limited;
- ICAP WCLK Limited;
- ICAP Energy Limited;
- ICAP Global Derivatives Limited;
- Louis Capital Markets;
- iSwap Euro Limited; and
- PVM Oil Futures Limited.

1 Capital Resources

The Capital Resources of TP ICAP Broking Limited ("TPIB" 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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	**31 Dec 2021**	**31 Dec 2020**
Share Capital and Reserves[1]	86.9	94.8
Common Equity Tier One Capital	86.9	94.8
Tier One Deductions:		
Present Value Adjustments	0.0	-
Tier One Capital After Deductions	86.9	94.8
Tier Two Capital	-	-
Total Capital	**86.9**	**94.8**
Deductions from Total Capital:	-	-
Capital Resources	**86.9**	**94.8**

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
- 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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	37.0	39.5	7.4	0.6
Corporate	13.3	17.6	13.3	1.1
Equity	-	-	-	-
Exposure in default	8.3	7.0	12.4	1.0
Central government and central banks	29.7	30.2	0.2	0.0
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	0.0	-	-	-
Other	3.7	3.2	3.7	0.3
Total	**92.0**	**97.6**	**37.0**	**3.0**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	79.3
Rest of Europe	8.2
Other	4.5
Total	**92.0**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	38.6
Undated*	53.4
Total	**92.0**

* 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 2020

£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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
CRCC	3.0	3.4
CPCC	-	-
Total CRCR	**3.0**	**3.4**
Risk Weighted Assets (RWA)	**37.0**	**41.9**

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 2021	31 Dec 2020
Settlement risk	**0.2**	**0.2**
RWA	**2.1**	**1.9**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Trading Book PRR		-
Non-Trading Book PRR	0.9	0.5
Total MRCR	**0.9**	**0.5**
RWA	**11.2**	**6.2**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**12.3**	**13.6**
Notional RWA	**153.5**	**169.5**

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 2021 and 31 December 2020 of £70.5m and £77.1m respectively:

£m	31 Dec 2021	31 Dec 2020
CRCR	3.0	3.4
Settlement risk	0.2	0.2
MRCR	0.9	0.5
FOR	12.3	13.6
Total Pillar 1 Requirement	**16.4**	**17.7**
Capital Resources	86.9	94.8
Excess Capital Resources	**70.5**	**77.1**
Total RWA	203.8	219.6
Capital Ratio	**42.6%**	**43.2%**

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 2021. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

£m	CCyB rate	CCyB
UK	0.0%	0.0
Sweden	0.0%	0.0
Other	-	0.0
Total		**0.0**

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was £5.1m and £5.5m respectively.

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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	143.4	149.0
Common Equity Tier One Capital	143.4	149.0
Tier One Deductions:		
Intangible Assets and Present Value Adjustment	(2.0)	-
Tier One Capital After Deductions	141.4	149.0
Tier Two Capital	-	-
Total Capital	**141.4**	**149.0**
Deductions from Total Capital:	-	-
Capital Resources	**141.4**	**149.0**

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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	68.6	64.4	13.9	1.1
Corporate	74.1	77.0	66.4	5.3
Equity	9.0	8.6	9.0	0.7
Exposure in default	25.8	22.0	38.7	3.1
Central government and central banks	-	-	-	-
Local government and local authorities	0.1	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	0.1	-	-	-
Other	2.2	2.0	2.2	0.2
Total	**179.9**	**174.0**	**130.2**	**10.4**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	144.5
Rest of Europe	17.2
Other	18.2
Total	**179.9**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	85.7
Undated*	94.2
Total	**179.9**

*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 2020:

£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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
CRCC	10.4	9.9
CPCC	-	-
Total CRCR	**10.4**	**9.9**
Risk Weighted Assets (RWA)	**130.2**	**123.7**

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 2021	31 Dec 2020
Settlement risk	**-**	**-**
RWA	**-**	**-**

2.4 Contribution to the fund of a default CCP

The Firm is exposed to the risk of default of another member of a qualifying central counterparty (QCCP) to the extent it has made pre-funded contributions to the default fund of a QCCP. The exposure value for the Firm's pre-funded contribution to the default fund of a QCCP is calculated as the amount paid in or the market value of the assets delivered by the Firm reduced by any amount of that contribution that the QCCP has already used to absorb its losses following the default of one or more of its clearing members in accordance with Article 308 of CRR.

The Firm's exposure arising from its contribution to the fund of a default CCP as at 31 December 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Contribution to the fund of a default CCP	**0.2**	**-**
RWA	**2.5**	**-**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Trading Book PRR	-	-
Non-Trading Book PRR	3.4	2.3
Total MRCR	**3.4**	**2.3**
RWA	**42.5**	**28.3**

2.6 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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**32.8**	**34.3**
Notional RWA	**410.2**	**428.9**

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 2020 and 31 December 2019 of £83.4m and £71.9m respectively:

£m	31 Dec 2021	31 Dec 2020
CRCR	10.4	9.9
Settlement risk	-	-
Contributions to the fund of a default CCP	0.2	2.6
MRCR	3.4	2.3
FOR	32.8	34.3
Total Pillar 1 Requirement	**46.8**	**46.7**
Capital Resources	141.4	149.0
Excess Capital Resources	**94.6**	**102.3**
Total RWA	585.4	583.6
Capital Ratio	**24.2%**	**22.5%**

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 2020. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

£m	CCyB rate	CCyB
United Kingdom	0.0%	-
France	0.0%	-
Other	-	-
Total		-

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was £14.6m and £14.6m respectively.

TP ICAP MARKETS LIMITED

1 Capital Resources

The Capital Resources of TP ICAP Markets Limited ("TPIM" 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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	422.1	414.0
Common Equity Tier One Capital	422.1	414.0
Tier One Deductions:		
Significant holdings in financial[2] sector entities[1] Present Value Adjustment, Goodwill and DTA adjustments	(226.6)	(213.8)
Tier One Capital After Deductions	195.5	200.2
Tier Two Capital	-	-
Total Capital	**195.5**	**200.2**
Deductions from Total Capital:	-	-
Capital Resources	**195.5**	**200.2**

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 2021 of £29,304,000

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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	129.0	122.4	25.7	2.1
Corporate	112.5	85.2	112.5	9.0
Equity	29.3	29.7	73.3	5.9
Exposure in default	13.5	15.2	20.2	1.6
Central government and central banks	39.8	39.6	0.6	0.0
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	1.1	0.6	1.1	0.1
Total	**325.2**	**292.8**	**233.4**	**18.7**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	248.6
Continental Europe	63.7
United Arab Emirates	0.1
Other	12.8
Total	**325.2**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	166.3
Undated*	158.9
Total	**325.2**

*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 2021

£m	Gross exposures	Collateral	Risk Weighted Exposures	Capital Requirements
Derivatives*	0.3	-	0.1	0.01
Securities financing transactions	136.1	121.6	2.9	0.2
Total	**136.4**	**121.6**	**3.0**	**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 2020 and 31 December 2019 was:

£m	31 Dec 2020	31 Dec 2019
CRCC	18.4	14.4
CPCC	0.3	0.2
Total CRCR	**18.7**	**14.6**
Risk Weighted Assets (RWA)	**233.4**	**182.2**

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 2021	31 Dec 2020
Settlement risk	**1.0**	**0.8**
RWA	**12.7**	**9.5**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Trading Book PRR	0.7	-
Non-Trading Book PRR	4.1	3.0
Total MRCR	**4.8**	**3.0**
RWA	**60.5**	**37.7**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	30.5	31.7
Notional RWA	381.4	396.4

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 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 2021 and 31 December 2020 of £140.5m and £150.2m respectively:

£m	31 Dec 2021	31 Dec 2020
CRCR	18.7	14.6
Settlement risk	1.0	0.8
MRCR	4.8	3.0
FOR	30.5	31.7
Total Pillar 1 Requirement	**55.0**	**50.0**
Capital Resources	195.5	200.2
Excess Capital Resources	**140.5**	**150.2**
Total RWA	688.0	625.7
Capital Ratio	**28.4%**	**32.0%**

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 2021. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

£m	CCyB rate	CCyB
United Kingdom	0.0%	-
Sweden	0.0%	-
Other	-	-
Total		-

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was £17.2m and £15.6m 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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	9.8	9.9
Common Equity Tier One Capital	9.8	9.9
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	9.8	9.9
Tier Two Capital	-	-
Total Capital	**9.8**	**9.9**
Deductions from Total Capital:	-	-
Capital Resources	**9.8**	**9.9**

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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	8.3	8.1	1.7	0.2
Corporate	1.5	1.5	1.5	0.1
Equity	-		-	-
Exposure in default	-		-	-
Central government and central banks	0.1	0.2	0.0	0.0
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	-	0.1	-	-
Total	**9.9**	**9.9**	**3.2**	**0.3**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	9.8
Rest of Europe	
Other	0.08
Total	**9.9**

Credit risk exposure by residual maturity as at 31 December 2020

£m	Exposure Value
Less than one year	9.7
Undated	0.2
Total	**9.9**

*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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
CRCC	0.3	0.2
CPCC	-	-
Total CRCR	**0.3**	**0.2**
Risk Weighted Assets (RWA)	**3.2**	**3.2**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Trading Book PRR	-	-
Non-Trading Book PRR	0.0	0.0
Total MRCR	**0.0**	**0.0**
RWA	**0.0**	**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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**0.6**	**0.7**
Notional RWA	**7.7**	**8.2**

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 2021 and 31 December 2020 of £8.9m and £9.0m respectively:

£m	**31 Dec 2021**	**31 Dec 2020**
CRCR	0.3	0.2
MRCR	0.0	0.0
FOR	0.6	0.7
Total Pillar 1 Requirement	**0.9**	**0.9**
Capital Resources	9.8	9.9
Excess Capital Resources	**8.9**	**9.0**
Total RWA	10.8	11.4
Capital Ratio	**90.7%**	**86.8%**

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 2021. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

£m	**CCyB rate**	**CCyB**
Country 1	0.0%	-
Other	-	-
Total		-

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was £0.3m and £0.3m respectively.

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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	33.0	36.4
Common Equity Tier One Capital	33.0	36.4
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	33.0	36.4
Tier Two Capital	-	-
Total Capital	**33.0**	**36.4**
Deductions from Total Capital:	-	-
Capital Resources	**33.0**	**36.4**

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;
- 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:

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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	14.6	18.4	2.9	0.2
Corporate	21.8	20.5	21.8	1.7
Equity	-	3.6	-	-
Exposure in default	4.6	-	6.9	0.6
Central government and central banks	0.0	-	0.0	0.0
Local government and local authorities	-	-	-	-
Public sector entities	0.0	0.0	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	-	0.0	-	-
Total	**41.0**	**42.5**	**31.6**	**2.5**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	35.5
Rest of Europe	2.3
Other	3.2
Total	**41.0**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	18
Undated*	22
Total	**41.0**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total CRCR	**2.5**	**2.2**
Risk Weighted Assets (RWA)	**31.6**	**26.5**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total MRCR	**0.7**	**0.4**
RWA	**8.8**	**5.1**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**4.9**	**5.7**
Notional RWA	**60.7**	**70.9**

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").

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 2021 and 31 December 2020 of £28.1m and £30.7m respectively:

£m	31 Dec 2021	31 Dec 2020
FOR	4.9	5.7
Total Pillar 1 Requirement	**4.9**	**5.7**
Capital Resources	33.0	36.4
Excess Capital Resources	**28.1**	**30.7**
Total RWA	101.1	104.2
Capital Ratio	**32.6%**	**34.9%**

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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	17.8	17.6
Common Equity Tier One Capital	17.8	17.6
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	17.8	17.6
Tier Two Capital	-	-
Total Capital	**17.8**	**17.6**
Deductions from Total Capital:	-	-
Capital Resources	**17.8**	**17.6**

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
- 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:

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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	17.7	18.2	3.5	0.3
Corporate	5.1	4.9	5.1	0.4
Equity	-		-	-
Exposure in default	0.4	0.8	0.6	0.0
Central government and central banks	0.0	0.0	0.1	0.0
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	-	-	-	-
Total	**23.2**	**23.9**	**9.3**	**0.7**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	18.8
Rest of Europe	1.1
United States	2.9
Other	0.4

Total	**23.2**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	22.8
Undated*	0.4
Total	**23.2**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total CRCR	**0.7**	**0.8**
Risk Weighted Assets (RWA)	**9.3**	**10.3**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total MRCR	**0.0**	**0.0**
RWA	**0.5**	**0.2**

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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**4.3**	**4.6**
Notional RWA	**54.0**	**57.1**

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 2021 and 31 December 2020 of £13.5m and £13.0m respectively:

£m	**31 Dec 2021**	**31 Dec 2020**
FOR	4.3	4.6
Total Pillar 1 Requirement	**4.3**	**4.6**
Capital Resources	17.8	17.6
Excess Capital Resources	**13.5**	**13.0**
Total RWA	63.8	67.7
Capital Ratio	**27.9%**	**26.0%**

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 2020 and 31 December 2019, reflecting the regulatory capital return submitted for these dates:

€m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	1.9	1.7
Common Equity Tier One Capital	1.9	1.7
Tier One Deductions:		
Intangible assets	-	-
Tier One Capital After Deductions	1.9	1.7
Tier Two Capital	-	-
Total Capital	**1.9**	**1.7**
Deductions from Total Capital:	-	-
Capital Resources	**1.9**	**1.7**

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; 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 2021

€m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	1.8	1.5	0.4	0.0
Corporate	-		-	-
Equity	-		-	-
Exposure in default	0.1	0.5	0.1	0.0
Central government and central banks	-		-	-
Local government and local authorities	-		-	-
Public sector entities	-		-	-
CIU	-		-	-
Multilateral development banks	-		-	-
Other	-		-	-
Total	**1.9**	**2.0**	**0.5**	**0.0**

Credit risk exposure by geographic distribution as at 31 December 2021

€m	Exposure Value
United Kingdom	1.8
Rest of Europe	0
Other	0
Total	1.8

Credit risk exposure by residual maturity as at 31 December 2021

€m	Exposure Value
Less than one year	1.8
Undated*	0
Total	**1.8**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2021 and 31 December 2020 was:

€m	31 Dec 2021	31 Dec 2020
Total CRCR	**0.0**	**0.1**
Risk Weighted Assets (RWA)	**0.5**	**1.6**

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 2021 and 31 December 2020 was:

€m	31 Dec 2021	31 Dec 2020
Total MRCR	**0.0**	**0.0**
RWA	**0.3**	**0.2**

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 2021 and 31 December 2020 was:

€m	31 Dec 2021	31 Dec 2020
FOR*	**-**	**0.7**
Notional RWA	**-**	**9.1**

*The Firm's FOR as at 31 December 2021, following the transfer of its business to iSwap Euro BV in 2020. The Firm is due to re-commencing trading in 2022.

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 2021 and 31 December 2020 of €1.9m and €1.0m respectively:

€m	31 Dec 2021	31 Dec 2020
Initial Capital Requirement	0.9	0.9
CRCR	0.0	0.1
MRCR	0.0	0.0
FOR	0.0	0.7
Total Pillar 1 Requirement	**0.9**	**0.9**
Capital Resources	1.9	1.7
Excess Capital Resources	**1.0**	**0.8**
Total RWA	10.8	10.8
Capital Ratio	**17.6%**	**15.7%**

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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

$m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	**14.2**	**15.2**
Common Equity Tier One Capital	14.2	15.2
Tier One Deductions:		
Intangible Assets	-	-
Tier One Capital After Deductions	**14.2**	**15.2**
Tier Two Capital	-	-
Total Capital	**14.2**	**15.2**
Deductions from Total Capital:	-	-
Capital Resources	**14.2**	**15.2**

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 2021

$m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	13.6	14.7	2.7	0.2
Corporate	1.7	1.3	1.6	0.2
Equity	-		-	-
Exposure in default	2.9	2.7	4.3	0.3
Central government and central banks	-	-	-	-
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	-	-	-	-
Total	**18.2**	**18.7**	**8.6**	**0.7**

Credit risk exposure by geographic distribution as at 31 December 2021

$m	Exposure Value
United Kingdom	13.2
Rest of Europe	3.8
Other	1.2
Total	**18.2**

Credit risk exposure by residual maturity as at 31 December 2021

$m	Exposure Value
Less than one year	14.6
Undated*	3.6
Total	**18.2**

*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 2021

$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 2021 and 31 December 2020 was:

$m	31 Dec 2021	31 Dec 2020
CRCC	0.7	0.6
CPCC	-	-
Total CRCR	**0.7**	**0.6**
Risk Weighted Assets (RWA)	**8.6**	**7.7**

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 2021 and 31 December 2020 was:

$m	31 Dec 2021	31 Dec 2020
Trading Book PRR	-	-
Non-Trading Book PRR	0.2	0.2
Total MRCR	**0.2**	**0.2**
RWA	**1.9**	**2.1**

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 2021 and 31 December 2020 was:

$m	31 Dec 2021	31 Dec 2020
FOR	**1.6**	**1.6**
Notional RWA	**19.5**	**19.5**

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 2021 and 31 December 2020 of $11.7m and $12.8m respectively:

$m	31 Dec 2021	31 Dec 2020
CRCR	0.7	0.6
MRCR	0.2	0.2
FOR	1.6	1.6
Total Pillar 1 Requirement	**2.5**	**2.4**
Capital Resources	14.2	15.2
Excess Capital Resources	**11.7**	**12.8**
Total RWA	30.1	29.3
Capital Ratio	**47.2%**	**51.9%**

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 2020. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

$m	CCyB rate	CCyB
UK	0.0%	-
Other	-	-
Total		-

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was $0.8m and $0.7m respectively.

1 Capital Resources

The Capital Resources of Louis Capital Markets UK ("LCM" 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 2021 and 31 December 2020, reflecting the regulatory capital return submitted for these dates:

£m	31 Dec 2021	31 Dec 2020
Share Capital and Reserves[1]	15.9	1.7
Common Equity Tier One Capital	15.9	1.7
Tier One Deductions:		
Intangibles	-	-
Tier One Capital After Deductions	15.9	1.7
Tier Two Capital	-	-
Total Capital	**15.9**	**1.7**
Deductions from Total Capital:	-	-
Capital Resources	**15.9**	**1.7**

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; 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 2021

£m	Exposure Value	Average Exposure Value	Risk Weighted Exposures	Capital Requirements
Institution	7.2	9.1	1.4	0.1
Corporate	15.1	7.8	15.1	1.2
Equity	-		-	-
Exposure in default	1.9	1.1	2.9	0.3
Central government and central banks	-	-	-	-
Local government and local authorities	-	-	-	-
Public sector entities	-	-	-	-
CIU	-	-	-	-
Multilateral development banks	-	-	-	-
Other	0.1	0.6	0.0	0.0
Total	**24.3**	**18.6**	**19.4**	**1.6**

Credit risk exposure by geographic distribution as at 31 December 2021

£m	Exposure Value
United Kingdom	21.6
Rest of Europe	1.0
Other	1.7
Total	**24.3**

Credit risk exposure by residual maturity as at 31 December 2021

£m	Exposure Value
Less than one year	8.2
Undated*	16.1
Total	**24.3**

*Undated items include investment in subsidiaries.

Applying the above rules, the CRCR for 31 December 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total CRCR	**1.6**	**0.4**
Risk Weighted Assets (RWA)	**19.4**	**4.7**

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 2021

£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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
CRCC	1.6	0.4
CPCC	-	-
Total CRCR	**1.6**	**0.4**
Risk Weighted Assets (RWA)	**19.4**	**4.7**

2.3 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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
Total MRCR	**0.4**	**0.4**
RWA	**4.7**	**4.4**

2.4 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 2021 and 31 December 2020 was:

£m	31 Dec 2021	31 Dec 2020
FOR	**1.2**	**0.5**
Notional RWA	**15.2**	**6.3**

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 2021 and 31 December 2020 of £12.7m and £0.4m respectively:

£m	31 Dec 2021	31 Dec 2020
CRCR	1.6	0.4
MRCR	0.4	0.4
FOR	1.2	0.5
Total Pillar 1 Requirement	**3.2**	**1.3**
Capital Resources	15.9	1.7
Excess Capital Resources	**12.7**	**0.4**
Total RWA	39.3	15.4
Capital Ratio	**40.5%**	**11.0%**

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 2021. The total CCyB for 31 December 2021 and 31 December 2020 were nil and nil respectively.

£m	CCyB rate	CCyB
UK	0.0%	-
Other	-	-
Total		-

The Firm's Capital Conservation Buffer (CCB) for 31 December 2021 and 31 December 2020 was £1.0m and £0.4m respectively.