CMC Markets plc
Annual Report and Financial Statements 2019

Diversifying through technology

CMC is focused on the diversity of the business, through its client base and product offering

64%

of ESMA region net revenue generated from professional clients in H2 2019.

Read more on page 14

35%

ESMA retail value of client trades in comparison to pre-ESMA levels.

Read more on page 15

Net operating income by client base

2019: £130.8 million (2018: £187.1 million)

ESMA region	59%
APAC & Canada	29%
Stockbroking	12%

CMC Group was established in 1989 and is a leading global provider of online financial trading complete with a comprehensive retail, professional and institutional offering. We enable clients to trade a broad range of financial instruments through our award-winning Next Generation and stockbroking trading platforms, supported by advanced charting, competitive pricing and automated execution.

Our purpose is to make the financial markets truly accessible for investors.

Our strategic goal is to increase shareholder value by delivering sustainable and profitable revenue growth, whilst at the same time delivering best-in-class service to our clients.

Read more at cmcmarkets.com/group/

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

Focusing on high value clients and diversifying the business

"Our strategy is to use the Group's technology to differentiate and diversify the business, attracting and retaining high value clients whilst growing our institutional and stockbroking businesses."

Peter Cruddas
Chief Executive Officer

OPERATIONAL HIGHLIGHTS

- Value of client trades down 13% to £2,259 billion
- 64% of European net revenue generated by professional clients in H2 2019
- Revenue per active client down £896 (30%) to £2,068 and active clients down 5,857 (10%) to 53,308
- ANZ Bank white label stockbroking partnership successfully implemented on time and budget

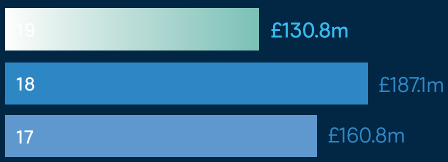
FINANCIAL HIGHLIGHTS

- Net operating income down £56.3 million (30%) to £130.8 million
- Statutory profit before tax down £53.8 million (89%) to £6.3 million
- Basic earnings per share down 88% to 2.0 pence
- Dividend per share 2.03 pence

For more information see **page 18**

Net operating income[1]

£130.8m

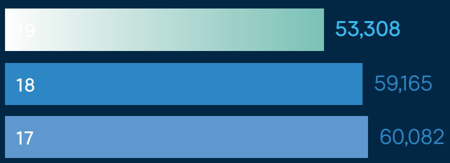


Statutory profit before tax

£6.3m

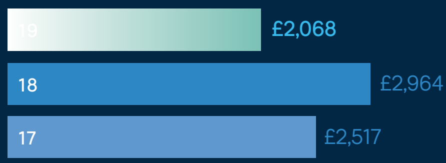
Active clients[3]

53,308



Revenue per active client[2]

£2,068

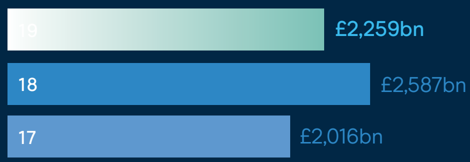


Basic earnings per share

2.0p

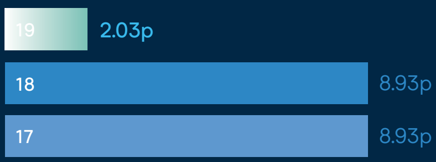
Value of client trades[4]

£2,259bn



Ordinary dividend per share[5]

2.03p



1 Net operating income represents total revenue net of introducing partners' commissions and spread betting levies.

2 Net revenue generated from contract for difference ("CFD") and spread bet active clients.

3 Active clients represent those individual clients who have traded with or held CFD or spread bet positions with CMC Markets on at least one occasion during the financial year.

4 Value of client trades represents the notional value of trades.

5 Ordinary dividends paid/proposed relating to the financial year.

A leading global provider of online trading

OUR TECHNOLOGY

Our Next Generation platform offers an award-winning trading experience for our clients. Additionally, it provides CMC with real-time visibility of client and hedge trading activity and generates operational efficiencies through the integration of various middle and back office systems.

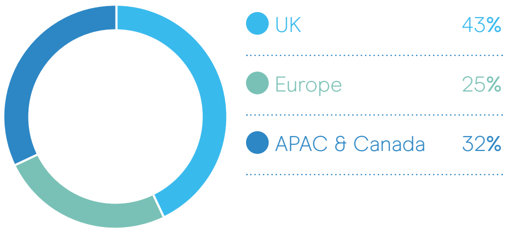
KEY DATES

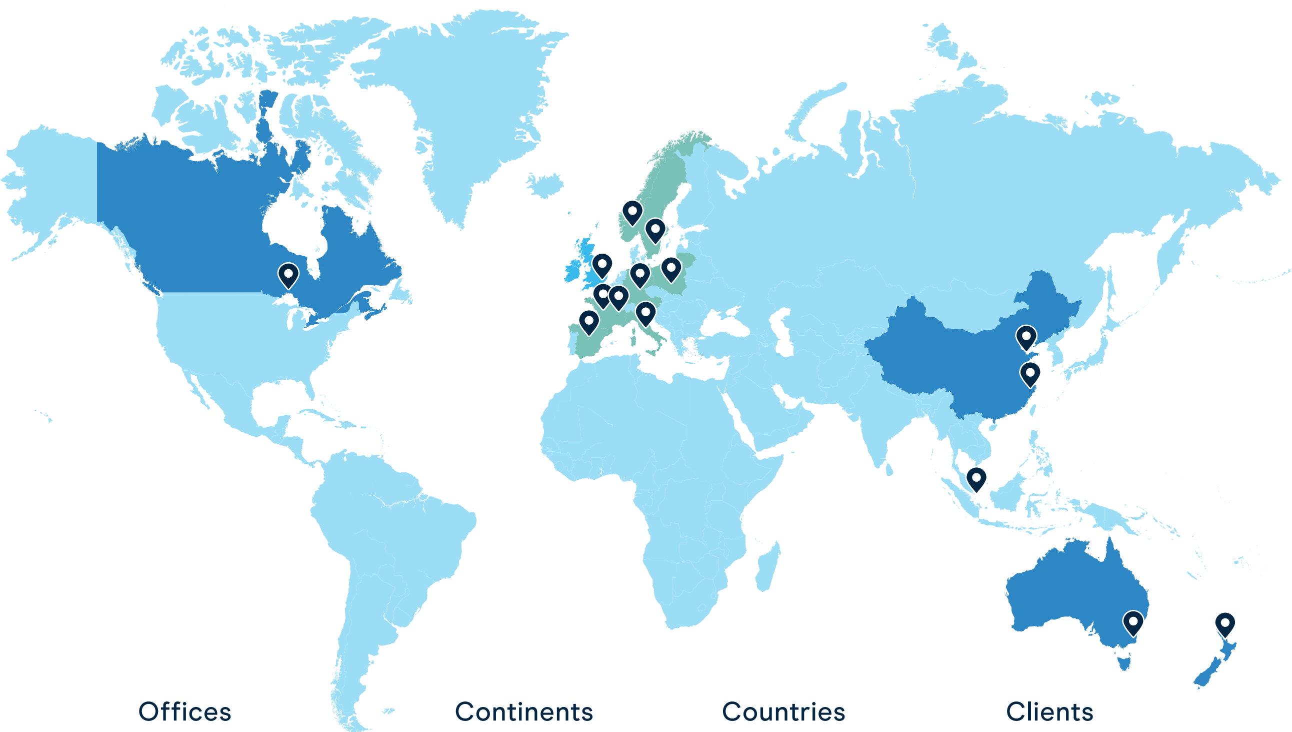
- July 2018: ANZ Bank white label stockbroking partnership: intermediaries go-live
  Read more on page 10
- August 2018: ESMA leverage restrictions applied
  Read more on page 14
- September 2018: ANZ Bank white label stockbroking partnership: retail go-live
  Read more on page 10

OUR GEOGRAPHICAL REACH

CMC Markets has operations in 15 offices across many of the world's leading financial centres. The Group operates a hub-and-spoke model, with London being the Group's headquarters and the primary hub to European operations, and Sydney being the secondary hub to support the APAC & Canada region. This approach enables the Group to achieve the optimum balance between operational gearing and efficiency.

CFD and spread bet net revenue by region 2019





Offices
15

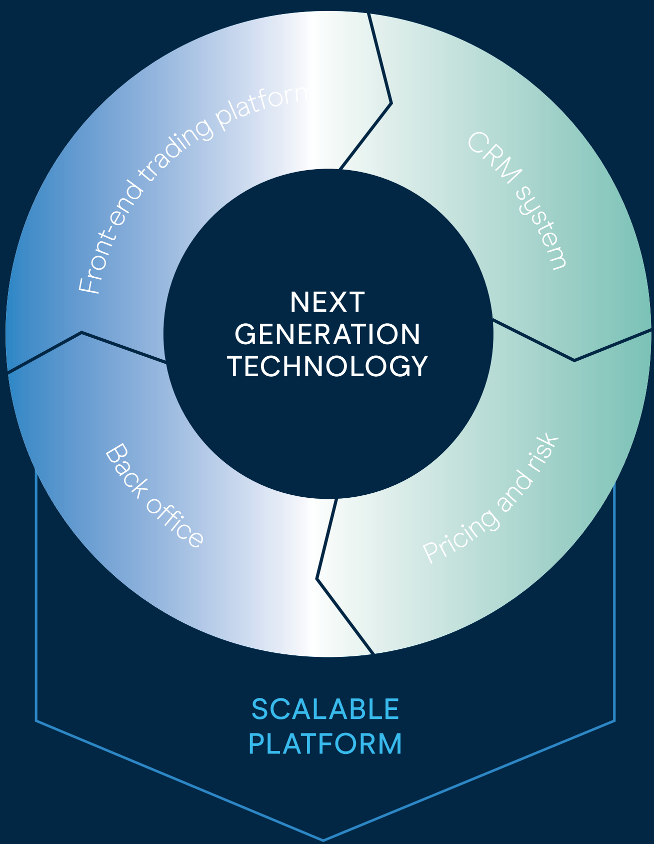
Continents
4

Countries
14

Clients
53,308

OUR CLIENT BASE

CMC predominantly attracts retail and elective professional clients to its Next Generation platform and has a growing proportion of trading activity generated from institutional clients and stockbroking clients.



Professional clients
- Dedicated service
- Additional products
- Rebates
- Higher leverage

Retail clients
- Competitive pricing
- Customisable platform
- Feature-rich
- Client service

Institutional
- White label
- Grey label
- API
- DMA

Stockbroking
- International shares
- Mobile
- White label
- Online exchange traded options

THE PRODUCTS WE PROVIDE

Contracts for difference ("CFDs")
A financial derivative product which allows clients to speculate on price changes in an underlying financial asset, without certain costs and limitations associated with physical ownership.
More information is available on www.cmcmarkets.com.

Spread betting
A product available exclusively to residents in the UK and Ireland which is similar in many aspects to our CFD product. More information is available on www.cmcmarkets.com.

Countdowns
Limited risk products where the client's risk and potential profit are determined at the point of trade entry. They allow clients to speculate if an event will or will not occur within a set time frame.

Stockbroking
Australian clients are offered the opportunity to trade Australian and selected international shares. Clients can choose from a wide variety of instruments, including shares, options, managed funds, warrants and exchange traded funds ("ETFs").

A transitional year for the Group

2019 has been a difficult year for the Group with revenue performance affected by the introduction of the European Securities and Markets Authority (“ESMA”) measures and prolonged and persistent periods of low market activity.

OUR VALUES

Put clients first

Lead with quality

Set the standards

Read more on **page 27**

However, against this backdrop the Group has continued to make progress on its strategic initiatives, continuing to improve our platform, obtaining regulatory approval in principle for our Dubai office and successfully completing the implementation of the ANZ Bank white label stockbroking partnership. Our continuing focus on the medium and long term puts the Group in a strong position to deal with the ongoing change facing the sector.

Results and dividend

Despite a strong first quarter, the Group's financial performance has been weak for much of the financial year. Net operating income for the year was £130.8 million, a 30% reduction on the previous year. Revenue per active client at £2,068 was 30% lower than the previous year reflecting the lower levels of client activity.

The Group continues to have a robust balance sheet and total regulatory capital position, and although performance has been disappointing, the Board recommends a final dividend payment of 0.68 pence per share, which results in a total dividend payment of 100% of profit after tax for the year.

Regulation

The ESMA measures came into effect in July and August 2018 and the Group continues to be supportive of regulatory change to ensure that all providers operate to the highest standards, ensuring fair client outcomes.

The Group's focus over recent years on higher quality, experienced and sophisticated clients ensured that the Group had a significant proportion of elective professional clients when the new rules were implemented, and although these clients were not as active during the year due to market conditions, they remain very valuable, particularly when more normalised markets return.

The Board continues to believe that a stronger and better industry will emerge from these changes, and that CMC will be a clear winner through its focus on client service and technology.

Board and governance

Following the Board changes that were made in 2018, this has been the first full year with the new Board. As anticipated the backgrounds and breadth of experiences that these Non-Executives bring to the Board is proving valuable.

After six years with the Group, Grant Foley, Chief Operating and Financial Officer, has decided to leave CMC Markets and pursue other opportunities. On behalf of the Board I would like to thank Grant for the significant contribution he has made to the Group.

Reflecting the growing importance of our Asia Pacific business, I am delighted that Matthew Lewis, Head of Asia Pacific and Canada, will be joining the Board once we receive regulatory approval.

> "Regulatory change puts us in a position to emerge as a stronger business, delivering future growth and shareholder value."

Finally, reflecting the continued expansion of his role and responsibilities, David Fineberg has recently been appointed as Deputy Chief Executive Officer from his previous role as Group Commercial Director.

A Board evaluation has been completed relying on the processes provided by 'Thinking Board', a leader in board evaluations. The results of the Board and Committee evaluations have been very beneficial.

People

Against difficult trading conditions and the implementation of regulatory change, our people have once again worked hard to deliver against the Group's strategic initiatives. On behalf of the Board, I would like to thank them all for their efforts.

The Group completed an engagement survey in February 2019 and is committed to ensuring that staff are motivated and engaged across the organisation. A plan is being developed to address the survey findings in the coming year.

Outlook

The Group has made a profitable start to the new financial year as it continues to understand the impact of and adapt to the regulatory changes and market conditions.

The Group continues to diversify through its growing stockbroking and institutional business, whilst remaining focused on attracting and retaining high value and experienced clients, which has become increasingly important in the new regulatory environment.

Costs remain well controlled, although the Board believes that this is not a time to reduce costs but take advantage of the opportunities that regulatory change will present and ensuring that CMC Markets continues to be a leader in the industry. As a result, costs are expected to be marginally higher than the prior year excluding discretionary bonus.

James Richards

James Richards
Chairman
5 June 2019

Read about our governance on page 48

Focusing on high value and institutional clients

We are continuing to focus on our high value and institutional business and, with a growing stockbroking business, CMC is becoming a more diversified Group.

Profit before tax
£6.3m

Revenue per active client
£2,068

Dividend
2.03p

Financial performance

2019 was a challenging year for the Group. Despite a strong first quarter, the impact of weak market conditions and regulatory change following the implementation of the ESMA measures has resulted in net operating income being significantly lower than the previous year.

Cost control has been a focus throughout the year, so despite the Group incurring the additional costs to support the ANZ Bank white label stockbroking transaction, total operating expenses have decreased by 2%.

The Group's cost base is predominantly fixed, meaning much of the decrease in net operating income has come through to the bottom line. As a result, profit before tax at £6.3 million was £53.8 million lower than the previous year.

Whilst this performance is disappointing, the underlying fundamentals of the business remain strong. Active clients for the year were down 5,857 (10%) at 53,308, however, levels of client money, which are an indicator of future trading potential, remain robust at £332.4 million (up 9%).

In addition, the Group's balance sheet remains strong. At the end of the year, the Group's net available liquidity was £103.3 million and the regulatory capital ratio was 17.4%.

Although the number of active clients continues to be an important measure, the Group's strategy of targeting and retaining higher value clients leaves the Group well-placed for future periods.

Regulation

The ESMA regulations came into effect from 1 August 2018, and as anticipated these measures did have a significant impact on the value of trades placed by ESMA affected retail clients. However, trading levels for these clients has now stabilised indicating that there remains a demand from these clients to trade.

The Group's strategy of focusing on high value and experienced clients has helped the Group partially mitigate the impact of the ESMA measures where clients choose to be categorised as elective professional. The Group has adopted a robust and rigorous approach to this, ensuring that only clients that meet the criteria are treated as such.

We believe that increased regulation of the sector is a good thing for the industry and we are seeing clients adapt to the new margin requirements, using more of their cash on account to trade and trading for longer periods. This is an encouraging measure for the medium and long-term success of the Group.

Looking outside of Europe, it is likely that further regulatory changes will be made. In Singapore, which contributes under 10% of Group CFD net revenue, margin rates for foreign exchange will increase in October 2019 and the Australian regulator, ASIC, is likely to implement changes at some point in the future.

Any further changes will create a more level playing field globally and remove some of the practices that we have seen during this period, with providers based in jurisdictions outside of the ESMA region targeting European clients by offering them lower margin requirements.

> "We believe that increased regulation in the sector is a good thing in the long term."

Regional review

The performance of both the UK and Europe regions were impacted by ESMA changes which were in place for eight months of the financial year as well as difficult market conditions. Given that the value of client trades of retail clients was materially impacted from August onwards, in conjunction with weak market conditions, this fed through to lower revenue per active client, which were down 19% and 38% in the UK and Europe respectively. The UK was less impacted than Europe due to both the higher proportion of professional to retail clients and also its larger institutional business. Active client numbers also reduced 18% and 14% respectively during the year to 13,181 and 19,159, with market conditions causing more clients to stop trading in comparison to the prior year, in addition to enhancements to the application process impacting client acquisition. This resulted in UK and Europe net revenue down 34% and 46% respectively to £47.3 million and £27.1 million.

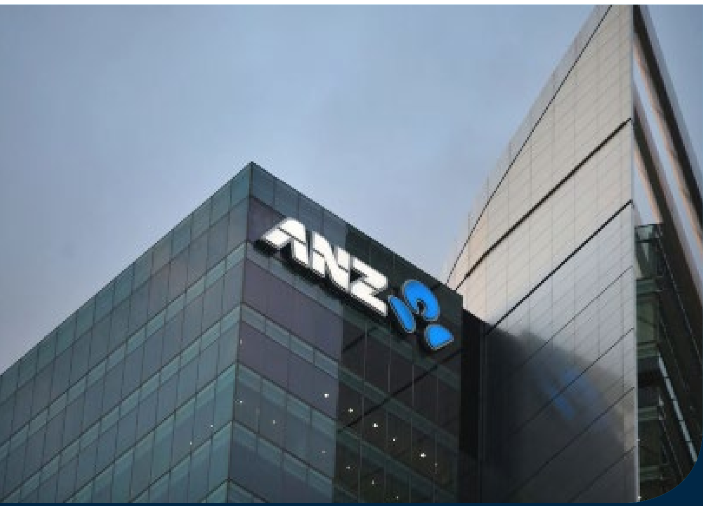
The APAC & Canada region had a strong year where the value of client trades increased, both in the retail and institutional businesses. Active client numbers remained broadly consistent against the prior year, up 1% to 20,968. Net revenue decreased by 32% to £35.8 million.

The Australian stockbroking business had a year of significant growth, with net revenue up 81% to £15.5 million as a result of the implementation of the ANZ Bank white label partnership at the end of H1 2019. Client numbers in the core business increased 2% to 39,400 during the year and ANZ Bank active clients since go-live in July and September 2018 were 84,132 including intermediaries.

Risk management

Strong and robust risk management is crucial to the ongoing success of the Group, and the Group's risk management is constantly reviewed to ensure it is as effective as possible. With the introduction of regulatory change we have seen a change in client behaviour, with a material change for ESMA retail clients being an increase in their trade duration; this, in conjunction with weak market conditions and decreasing spread revenue, has led us to further refine our risk management strategies during the final months of the financial year. This change has seen the Group internalise more client flow than previously, particularly in the more highly traded and liquid instruments which has resulted in lower hedge costs. It has also increased daily revenue ranges and market risk exposure, however the Group continues to maintain a strong regulatory capital ratio and over the medium term we expect the changes to yield higher revenue.

The Group continues to operate at all times within the Board-approved risk appetite and Risk Management Framework.



ANZ STOCKBROKING DEAL

Delivered on time and on budget

The delivery of this complex project included:

- New platform functionality including international shares in 11 countries and online exchange traded options.
- An increase in front, middle and back office staff to accommodate the required increase in business activity.

ANZ intermediaries go-live in July 2018

- 103 intermediaries migrated.
- Included major white label St George Bank.

ANZ retail go-live in September 2018

In total:

- In excess of 500,000 accounts migrated.
- Over 250,000 clients that have either traded or held shares in the last 12 months.
- Around 125,000 clients that have traded in the last 12 months.

Retail market share

18%*

* Source: ASX & Chi-X Combined Trading Statistics – IRESS.

Brexit

In order to guarantee the Group's permission to operate in the European Union on an uninterrupted basis, the Group has established a new subsidiary in Germany. The necessary staff have been recruited in anticipation of starting to onboard new clients in the region later in the financial year. The Group's headquarters will remain in the UK.

Strategic progress

The Group has continued to make strategic progress during the year; however, both the challenging market conditions and changing client trading behaviour have caused the Board to thoroughly consider the priorities of each of the existing five strategic initiatives and also how they are delivered.

As a result there will be a focus on three initiatives going forward, being established markets, our institutional offering and optimising our client journey. These are discussed more below.

Read more on page 16

Institutional offering

The ANZ Bank white label stockbroking transaction was completed in September 2018, on time and on budget. This was the largest migration of client accounts in Australian Stock Exchange history and makes CMC the second largest retail stockbroker in Australia. As well as migrating 500,000+ clients, CMC also acquired a further 103 intermediaries. This deal makes our stockbroking business a more significant part of the Group.

Our CFD Institutional business continues to grow; throughout the year we have invested in the technology and personnel, including expanding our focus outside of the UK and Europe, to ensure that this becomes an increasing part of the Group.

Established markets

Our established markets consist of the UK, Germany and Australia. In both the UK and Germany the year has been dominated by regulatory change, however we continue to focus on providing great client service and a superior product offering to our clients as this will continue to deliver value in the high value and professional client space going forward. Independent surveys show that we remain a leader in client satisfaction. Our Australian business continues to be a leader in the high value client space where we have been ranked first in 13 out of 15 service elements measured in another independent survey[1].

1 Investment Trends 2018 Australia Leverage Trading Report (December 2018).

Optimising our client journey

Throughout the year we have continued to focus and make improvements to our client journey to improve the user experience and conversion rates; we are now beginning to see these improvements coming through. This will ensure that our marketing spend generates the optimal returns.

Our product offering and geographical expansion have now become less of a priority. The major additions to our product offering to facilitate growth in both the institutional and retail segments, at least in the short term, are now complete, with a focus on quickly deployable products on our platform, such as baskets, now the main deliverables. From a geographical perspective, aside from the opening of our Dubai office which we feel is important to support our institutional ambitions, we have no plans to open further offices in the short term.

Diversification

The focus on our revised strategic initiatives will result in having the ability to grow an already geographically diverse CFD client base and revenue stream, but at the same time continue to diversify our revenue between retail and institutional businesses with the use of our proprietary technology, and also become a little less reliant on CFDs with growth in the stockbroking business.

People

Throughout the year I have been consistently impressed with the quality and dedication of our staff, against the backdrop of regulatory change. I am particularly proud of the huge amount of work that went into the ANZ white label stockbroking transaction. This project involved staff in the UK as well as Australia and was a significant achievement.

On behalf of myself and the Board, I would like to thank our staff for their continued hard work and commitment.

Clients

Our continuing focus on client service and fair client outcomes has meant that, once again, CMC has won a number of awards. Acquiring and retaining clients is crucial to the success of the business.

Dividend

The Board recommends a final dividend payment of £2.0 million. This is 0.68 pence per share (2018: 5.95 pence), resulting in a total dividend payment for the year of 2.03 pence per share (2018: 8.93 pence). This represents a payment of 100% of profit after tax, and in excess of the Group's policy of paying 50% of profit after tax. The Board believes that this is an appropriate payment for the year after considering both the Group's capital and liquidity position and forecast requirements in the year ahead to support business growth.

Outlook

This has been a difficult period of trading for CMC and our sector, but having now weathered the ESMA transition, we exit this year with renewed confidence in the future. We have learned as our clients adjusted to the imposition of much lower leverage levels at the same time as experiencing range bound markets. As a result, we have adjusted our business to ensure we capture revenue appropriately and manage the net risk we are exposed to from higher client margins against smaller positions being held for longer periods.

Our business is much more balanced today than it has ever been, with a larger stockbroking business and important growth in our institutional business alongside our stabilised CFD and spread bet business all underpinned by our technology platform. We have demonstrated that our ability to use technology to provide a high quality service and access to innovative investment opportunities means we are an attractive partner for a wide array of customers and partners around the world.

As regulatory change continues to be a key positive driver in our markets, we believe that our strong product offering, client service, technology platform and balance sheet will ensure our ongoing success.

P.A. Cruddas

Peter Cruddas
Chief Executive Officer
5 June 2019

ESMA REGULATORY CHANGE

Intervention powers were introduced by ESMA in August 2018.

Read more on page 14

How has the impact been mitigated at CMC?
CMC has always focused on acquiring and retaining high value clients and this correlates well with clients being able to become elective professional clients who are exempt from ESMA requirements. This has resulted in over 2,000 clients successfully applying to become elective professional. In addition, the Group has a geographically diverse client base where prior to ESMA changes 32% of CFD net revenue was generated from outside of the ESMA region. In addition the stockbroking business, and in particular the ANZ Bank white label stockbroking deal has meant we are becoming less reliant on revenue generated from ESMA retail clients. Recent product development in the institutional business also means the Group is able to focus on acquiring and retaining clients that are outside the scope of ESMA.

Focus on the client

We continue to focus on client service, ensuring we provide the best trading experience possible to our clients. This focus on clients helps to not only attract new clients but retain existing clients, providing long-term value to the Group.

OUR BUSINESS ENABLERS

1. Client service

Our ambition is to provide an unparalleled experience to all of our clients, offering competitive pricing, products and a great trading experience.

For more information see **page 20**

2. Competitive product offering

CMC Markets continually invests significant resources in developing both the Next Generation and the stockbroking platforms to ensure we stay at the forefront of the industry by constantly delivering the latest innovations.

For more information see **page 22**

3. Technology and operational excellence

Technology and operations have always been key to the success of CMC Markets and this has won the business recognition as the leader in our industry for innovation and service. Our aim is to provide our clients with the ability to take ownership of their personal financial investments. Our platform has been built to provide complete control and flexibility. Investment in our technology infrastructure is central to delivering this.

For more information see **page 24**

REVENUE GENERATION

CFD and spread bet revenue

Transactional spreads

Revenue earned through maintaining a transactional spread (the difference between the buy and sell price) on CFD and spread bet products.

Commissions

These are charged on both CFD equity trades and institutional DMA trades. Clients are either charged a minimum commission or a percentage based on the value of the trade.

Financing

Positions held by clients overnight may be subject to financing costs, which can be positive or negative depending on the direction of their holding and the applicable financing rate.

Risk management

Revenue or losses from management of client positions that the Group inherits. This consists of gains or losses which accrue to the Group through client positions and, secondly, the gains or losses which accrue to the Group through the hedge positions entered into by the Group.

Stockbroking

Predominantly earned through brokerage charged for the execution of exchange traded products which include domestic and international shares across 11 markets, options, warrants, ETFs, managed funds, interest rate securities and bonds. Further, we earn a number of ancillary fees including interest on deposits, FX revenue and equity capital markets ("ECM") income.

Other income

Mainly consists of interest income from client deposits, rental income and dormancy charges.

CFD and spread bet net revenue

£110.2m

Stockbroking net revenue

£15.5m

Other income

£5.1m

4. People

CMC Markets is committed to recruiting, developing, retaining and motivating exceptional people who are talented, innovative and focused on delivering excellence. We acknowledge that this goes hand in hand with the Group's ongoing and future success. This is achieved through embedding Group values throughout the workforce as well as offering competitive rewards and benefits.

For more information see **page 26**

5. Financial strength

We aim to maintain our secure capital and liquidity structure, ensuring that it is appropriate for the future growth and success of the Group. This includes maintaining long-term levels of capital to withstand the demands of financial fluctuations in the markets and access to a healthy level of surplus liquid resources in line with the size of our business and the growth opportunities.

For more information see **page 30**

6. Risk management

The Group's business activities naturally expose it to strategic, financial and operational risks inherent in the nature of the business it undertakes and the financial, market and regulatory environments in which it operates. The Group recognises the importance of understanding and managing these risks and that it cannot place a cap or limit on all of the risks to which the Group is exposed. However, effective risk management ensures that risks are managed to an acceptable level.

For more information see **page 36**

Regulatory change and market conditions dominate

The Group's revenue, which is mainly generated from CFD and spread bet products, has been impacted by regulatory change and weak market conditions during the financial year. Our Australian stockbroking business generates a growing proportion of Group revenue as a result of our ANZ Bank white label partnership.

CFD AND SPREAD BET

Key market driver	Our response
European regulatory change ESMA introduced temporary product intervention powers in July and August 2018 prohibiting the marketing, distribution and sale of binary options and restricting the provision of CFDs to retail clients in the following ways: • leverage limits on the opening of a CFD between 30:1 and 2:1, depending on the volatility of the underlying asset; • a standardised margin close-out rule on a per account basis; • negative balance protection on a per account basis; • a prohibition on firms offering monetary and non-monetary benefits to retail investors; and • a standardised risk warning, including firm-specific figures on the percentage of clients that have lost money trading CFDs.	CMC welcomed many of the measures and was already in compliance with a number of them, as a Group standard. The only material impact of the changes for the Group related to leverage limits for retail clients as this has resulted overwhelmingly in clients trading in smaller values and to a lesser extent stopping trading altogether. The revenue impact has been partly mitigated through our ongoing focus on acquiring and retaining high value and sophisticated clients. This has meant many of our client base have successfully requested to be treated as elective professional clients, thus exempting themselves from these provisions. The review of elective professional applications has been rigorous and only 43% of applications have been accepted up to the end of March 2019. During H2 2019, 64% of UK and Europe net revenue was generated from elective professional clients.
Brexit The UK currently operates in the European Union ("EU") through its ability to "passport" financial services from the UK using a branch structure. This may not be permitted once the UK leaves the EU.	The Group has established a new subsidiary in Germany. The Group is on track to start onboarding new clients in the region before 31 October 2019, pending final regulatory approval. The Group's headquarters will remain in the UK.
Volatility Volatility in the financial markets undoubtedly acts as a call to action for the Group's CFD and spread bet target market.	Higher volatility results in increased trading activity from both existing clients trading more frequently and new or previously inactive clients starting to trade. However, short bursts of market activity which result in high velocity movements in the products that we offer are not necessarily beneficial to our clients nor the Group. Aside from notifying clients of market activity in a timely manner, for example, having a flexible marketing strategy to identify and communicate changing levels of market activity, the Group can have little influence on capitalising more or less than competitors during times of higher market volatility.
Other regulatory change In Singapore margin rates for foreign exchange will increase in October 2019 and the Australian regulator, ASIC, is likely to implement changes at some point in the future.	The Group is in active dialogue with regulators and the experience from the implementation of ESMA provisions will be utilised should any regulatory changes be made in other jurisdictions.

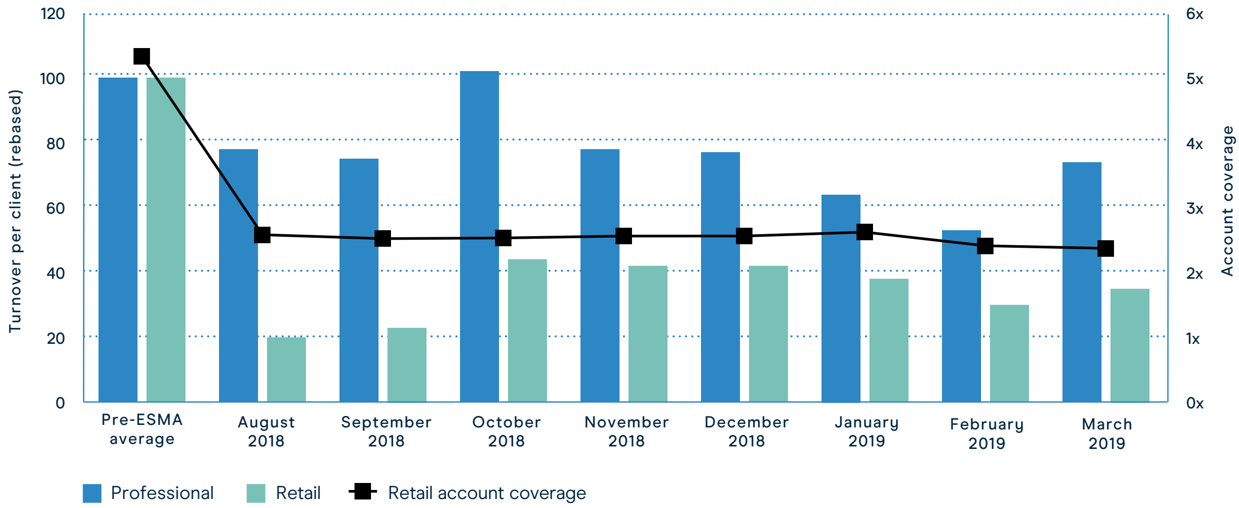
ESMA RETAIL CLIENT REACTION TO LEVERAGE CHANGES

Prior to the implementation of regulatory changes in August 2018 for European retail clients, it was unknown how these clients would react; however, there were a number of actions that retail clients could take:

- become an elective professional and as a result be out of scope of the regulatory change;
- amend trading activity levels;
- manage account headroom;
- increase deposit on account to maintain trading activity; and
- stop trading.

When reviewing the reactions of those clients who have not become elective professional, the overarching findings have been that clients have mainly continued to trade but at lower values. At the same time we have seen that clients are utilising more of their cash to fund their margin requirements rather than increase their deposit on account to maintain their trading activity. This is presented in the graph below, which compares pre and post-regulatory change levels of retail client trading activity against professional client trading activity and average account coverage of retail clients during the same period.

ESMA retail client reactions



STOCKBROKING

Key market driver	Explanation
Market conditions	Retail stockbroking in Australia is heavily influenced by market sentiment and as a result rising markets will attract more trading activity. In addition, client outlook and uncertainty also impact trading activity, and with most trading activity being in local stocks, there were headwinds from the interest rate environment, impending federal elections and the Banking Royal Commission.
Seasonality	Earnings season is a major driver of activity and as a result strong months are generally seen in both August and February.
Market size and share	An independent report suggests that the Australian online stockbroking market continued to grow during 2018 and CMC, in combination with the ANZ Bank white label partnership, has a retail market share in the region of 18%*.

* Source: ASX & Chi-X Combined Trading Statistics – IRESS.

Refocusing for future growth

During 2019 changes to the industry and market conditions have led to strategic initiatives being revisited. This has resulted in a focus on three core initiatives which the Group believe will continue to unlock future value and continue to support diversification through the use of our technology.

During 2019 significant progress was made against the existing five strategic initiatives:

Initiative and priorities	2019 progress	Moving forward
Established Markets • Continue to grow premium client base. • Increase proportion of revenue generated from premium clients.	Due to regulatory changes, the internal classification of premium clients has become less relevant. However, the focus on client service to acquire and retain clients has been evidenced through independent surveys: • UK: first for overall client satisfaction[1]; • Australia: highest client satisfaction in 13 out of 15 service elements[2].	2019 Given our market position and scale of our client base, the UK, Australia and Germany continue to be a focus for growth.
Geographic expansion • Establish Middle East office. • Continue to look for new market opportunities.	• Middle East office. approval in principle received from local regulator. This will be an institutional presence only.	N/A Given the ability to either expand geographically through institutional relationships or through having a digital marketing presence, going forward there is less of a focus on expanding our physical presence in other regions.
Maintain a competitive and compliant product offering • Changes to platform to ensure regulatory compliance in UK and Europe. • Equities direct market access ("DMA") for institutional clients. • Launch of MT4/5.	• July 2018: release of changes of platform functionality to ensure regulatory compliance in UK and Europe. • H1 2019: Equities DMA released. • Q3 2019: MT4 released.	All major product releases required for achieving growth in our established markets and institutional offering have been completed. Future focus will be on smaller, fast-to-market additions to the platform such as baskets.
Digital initiatives • Continued investment in our data science capabilities to generate improvements across the end-to-end client journey. • Enhancement of our onboarding and retention processes to improve the client experience across all touch points with CMC. • Investment in brand positioning for professional and premium clients.	• Continued to build out our marketing machine, which has driven increased efficiency of our on boarding. • Developed personalisation capability in our communication framework to aid on-boarding and retention. • Launched our "CMC Pro" proposition to provide professionals additional benefits of trading with CMC. • Invested in premium content publication for prospects and our clients called "Opto".	2019 The optimisation of our client journey from onboarding to retention continues to be essential to the growth and sustainability of the business.
Institutional offering • ANZ Bank stockbroking white label implementation. • Growth in the institutional business backed by Prime FX and Equities DMA offering.	• Delivery of ANZ Bank white label partnership on time and on budget. • The value of trades through the institutional business remained broadly the same as prior year despite weak market conditions. This however did mean revenue reduced by 33% to £20.9 million.	2019 The institutional business continues to be an area that helps the Group to diversify and the channel also provides differentiation from many competitors.

1 Investment Trends 2018 UK Leverage Trading Report (May 2018).

2 Investment Trends 2018 Australia Leverage Trading Report (December 2018).

Our focus for 2020

ESTABLISHED MARKETS

Opportunity

The established markets of the UK, Australia and Germany generate a significant part of the Group's revenue and, given the size and development of the markets, they also offer the greatest absolute growth opportunities. This means that we continue to focus on developing brand and product awareness with the aim of becoming the choice provider to new clients in these regions and offer the premium proposition and financial strength required to attract clients from competitors.

Priorities for 2019/20

- UK and Germany: growth in net revenue generated from active professional clients.
- Australia: continue to grow the high value client base.
- Commence onboarding to the new German subsidiary.
- Continue to maintain market-leading client service levels in all three countries.

CLIENT JOURNEY OPTIMISATION

Opportunity

Mobile channels present opportunities for the Group to attract new clients and retain existing clients more efficiently by adopting a highly digital and targeted approach to the client journey.

Priorities for 2019/20

- Continue to improve customer experience across all touchpoints with CMC.
- Continue to optimise customer retention and life time value.
- Improve customer advocacy to drive greater share of voice.

INSTITUTIONAL OFFERING

Opportunity

The Group has a strong opportunity to offer our award-winning platform to other institutions, through white label (branded) and grey label (unbranded) propositions as well as the API offering (electronic connectivity to the CMC Markets platform for institutions) and recently released Prime FX and DMA Equities.

Priorities for 2019/20

- Prime FX: further deploy the service to the international broker community with an additional focus on Tier 2/3 banks.
- API: further optimise both the product and augment sales for what is already a globally recognised CFD liquidity provision solution to the brokerage community.
- Hedge funds: strengthen our position as a broker in the emerging and small hedge fund sector.
- White label: acquire strategic distribution partnerships utilising our contemporary White Label platform and associated technology.

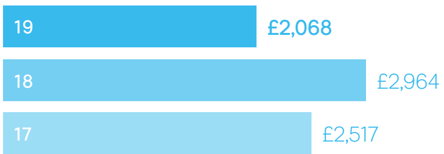
Tracking our progress

Our Group KPIs monitor the delivery of long-term shareholder value through a focus on client quality and operating effectiveness.

CLIENT VALUE GENERATION AND CLIENT QUALITY

Revenue per active client

£2,068



KPI definition: Net revenue generated from CFD and spread bet active clients, divided by the number of active clients during the period.

Why we measure: High value clients are central to the strategy and the growth in this figure is indicative of the success in attracting and retaining these clients.

Active clients

53,308

KPI definition: Individual clients who have traded or held CFD or spread bet positions with CMC Markets on at least one occasion during the financial year.

Why we measure: Representative of the continuing success of the business in acquiring and retaining clients who trade on a regular basis.

Value of client trades

£2,259bn

KPI definition: The notional value of CFD and spread bet client trades during the period.

Why we measure: The value of client trades is indicative of the potential to monetise trading activity given its correlation to transactional spread revenue (see business model on page 12).

Number of trades

64.5m

KPI definition: CFD and spread bet client trades executed during the financial year.

Why we measure: Used to understand whether the change in the value of client trades is caused by changes to the average notional value of client trades or by changes to the amount of trades executed.

REVENUE GROWTH AND OPERATING EFFECTIVENESS

Net operating income

£130.8m

KPI definition: this is a statutory measure, which represents total revenue net of introducing partner commissions and spread betting levies.

Why we measure: key operating metric.

Statutory profit before tax

£6.3m

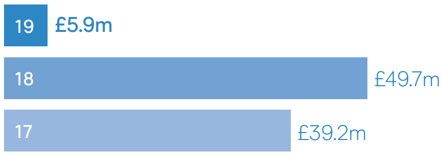
KPI definition: this is a statutory measure, which comprises net operating income less operating expenses and interest expense.

Why we measure: key operating metric.

DELIVERY OF SHAREHOLDER VALUE AND RETURNS

Profit after tax

£5.9m



KPI definition: this is a statutory measure, which comprises statutory profit before tax less tax expense.

Why we measure: largest driver of shareholder equity and Board-approved metric for calculating dividend payable.

Basic earnings per share

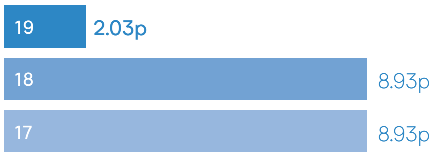
2.0p

KPI definition: this is a statutory metric, which is calculated as earnings attributed to ordinary shareholders divided by weighted average number of shares.

Why we measure: key shareholder value metric.

Ordinary dividend per share relating to the financial year

2.03p



KPI definition: any dividend declared, proposed or paid relating to the financial period.

Why we measure: key shareholder value metric.

Providing the best service

Clients are central to everything we do as a business and we aim to deliver the highest quality and efficient service to them all.

1. Client service

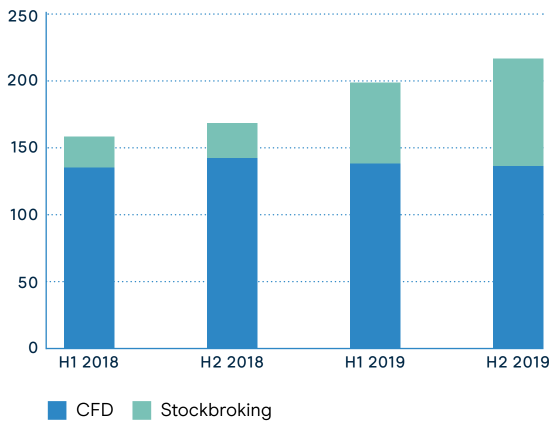
Our high quality client service is delivered through our staff, onboarding, education, platform features, and a focus on fair client outcomes. Our excellence in client service is illustrated through the awards we receive and the results of independent surveys.

Our staff

All clients have access to our rigorously trained, multilingual and knowledgeable client service team. We offer 24-hour support from our 15 offices across the globe.

New staff on these teams undergo an intensive training scheme designed to give them all the skills and knowledge required to service clients using any of our retail, professional, institutional and stockbroking platforms and the products we provide on the platform. They must also pass a final examination before they start assisting clients.

Average client services FTE by half year



Onboarding

CFDs and spread bets are complex derivative products and are therefore not suitable for everyone. We follow strict guidelines when marketing our products, ensuring that our marketing material is appropriately targeted and transparent.

An appropriateness assessment, which incorporates a multiple-choice test, enables us to assess whether our products are appropriate for prospective clients. Under the current regulatory framework in the UK and Europe, prospective clients scoring low appropriateness must pass a multiple-choice knowledge test before they can place a trade. CMC does not onboard non-appropriate clients in the UK and Europe.

In regions where the professional status exists, clients have the opportunity to request to be treated as an elective professional. Should we be satisfied that they have evidenced they meet the required criteria they receive approval and gain access to lower margin requirements, countdown products and receive cash rebates subject to trading activity.

Revenue generated from clients of tenure greater than two years

67%

Number of awards for service, platform and technology (2018)

37

UK net promoter score

28%

Education

We offer our clients a range of education opportunities through weekly and monthly webinars and seminars, as well as our Trader Development programme, which offers a wide range of in platform, on-demand education and tailored market commentary.

Platform features

We offer our clients access to our products through a feature-rich, user-friendly platform which is accessible on a variety of devices.

From a client protection perspective, our platform offers a number of risk management tools. These include account level close-out when positions reach 50% of margin requirement, guaranteed stop-loss orders and negative balance protection for European retail clients.

High value client proposition

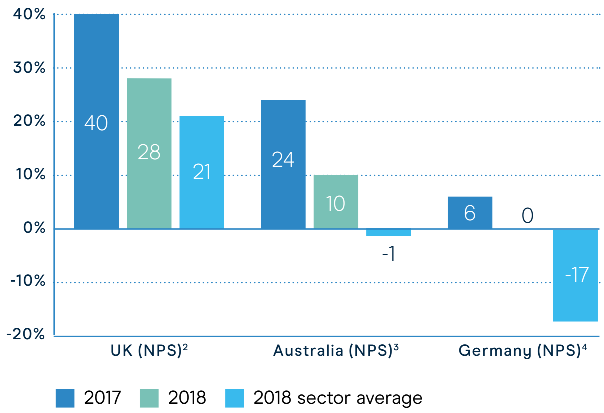
CMC has had a focus on acquiring and retaining high value clients for a number of years, and client service forms a major part of our proposition to this segment. Certain high value and professional clients have access to dedicated relationship managers and sales traders, who provide them with a high touch service. During the year we have also invested in producing a premium content publication, Opto, aimed at both prospective and existing clients. Within our stockbroking business, Alpha, an offering for high net worth clients was released in Q3 2019.

Fair client outcomes

CMC continues to place the utmost importance on the continuous delivery of fair outcomes to our clients through our behaviour, image, product innovation and internal culture. A dedicated Treating Customers Fairly and Conduct ("TCF") Committee holds monthly meetings to ensure the Group is doing everything possible to treat clients fairly.

The Group fully segregates all retail and professional client funds globally (with the exception of professional clients that have signed a title transfer collateral agreement) whether required by regulation or not.

Net promoter score[1] in established markets



1 % of promoters minus % of detractors.

2 Investment Trends 2018 UK Leverage Trading Report (May 2018).

3 Investment Trends 2018 Australia Leverage Trading Report (December 2018).

4 Investment Trends 2019 Germany Leverage Trading Report (May 2019).

Number one for satisfaction[1]

Our powerful and scalable trading platforms continue to provide us with a competitive advantage.

2. Competitive product offering

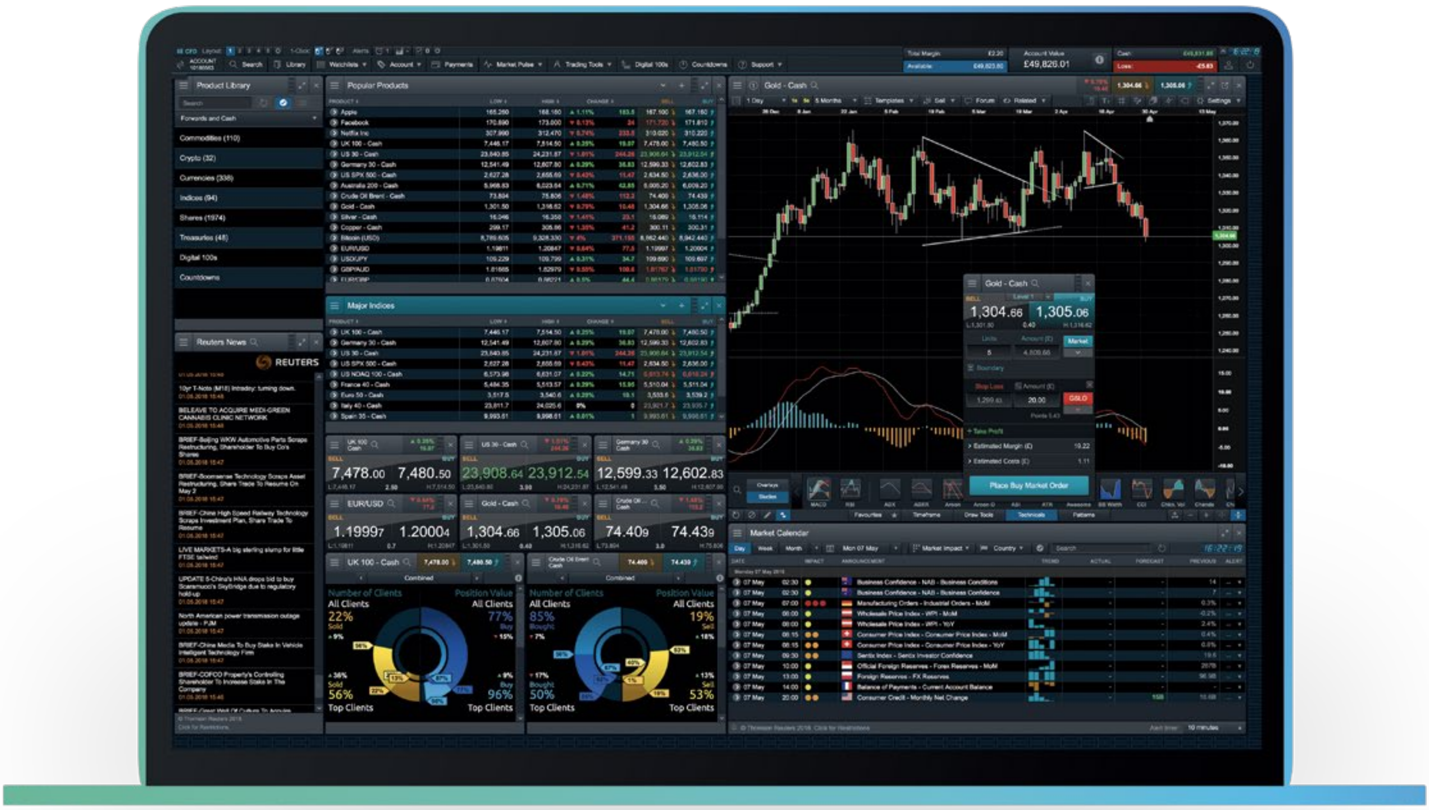
The Group continues receive independent commendations for its trading platform across our major regions. In a recent Investment Trends report[2] it was ranked first for: platform ease of use, reliability, charting and overall features.

We use advanced client behaviour analytics, customer feedback and new industry trends to determine our platform development pipeline. This past year brought numerous new innovations to both our web and mobile platforms across CFD, Spread bet and stockbroking.

Product and desktop platform

We completed the HTML platform rollout to all regions, bringing performance enhancements along with a host of innovative new features. Notable upgrades to the desktop platform include:

- three new watchlist views;
- enhanced charting;
- multi-interval chart feature;
- full screen tabs; and
- ability to resize column widths for better layout management.



1 Source: Investment Trends 2018 UK Leverage Trading Report (May 2018).

2 Source: Investment Trends 2018 Australia Leverage Trading Report (December 2018).

Mobile apps

We have made several updates to the layout and functionality of the apps to simplify navigation. Major releases this year include:

- updated Product Library to help users to discover products by adding a range of "new" topical watchlists including: popular products, price movers and those currently trending;
- updated charting package with a range of new features including additional intervals, new draw tools and font size controls; and
- new mini "trend" charts that provide a quick snapshot of recent price action.

Stockbroking

After successfully transitioning both ANZ and St George broking clients including 103 intermediaries and over 500,000 clients to our stockbroking platform, CMC Markets is now the second largest retail stockbroker in Australia* and the largest white label provider in the country. For the ninth consecutive year we have been awarded the Canstar Online Share Trading Broker of the Year.

The stockbroking platform has evolved significantly in the last year and is now one of the most feature-rich solutions available to retail and wholesale clients in the Australian market. The main highlights include:

- international share trading now launched for retail plus several white label partners and has seen encouraging growth across both the retail and intermediary client base;
- expanded online options product to include support for multi-leg orders, a pre-defined strategy selection finder, real-time margin vetting, account analytics and straight through (non-dealer assisted) order processing;
- first white label mobile app launched for St George Directshares in the Apple and Google Play stores with further rollouts on roadmap for FY20;
- wholesale grey label Advantage Platform launched incorporating customised adviser tools, in-platform onboarding, adviser reporting, dial-up brokerage, Excel add-in and contract note branding and IPO centre;
- transitioned the stockbroking infrastructure to two Tier 3 state of the art co-located data centres; and
- complementing Alpha CFD proposition – Alpha Stockbroking successfully launched, designed to provide the best possible service for high-volume traders who execute >$3,000 in annual brokerage spend or have $2.5 million in holdings.

* As reported by IRESS, in terms of total value of trades executed by both CMC Markets' retail and partner clients.

Continuous investment in infrastructure

Our technology and operations are built to meet current demands with capacity for future growth.

3. Technology and operational excellence

Platform reliability

During a period of unprecedented change in the industry and wider technology landscape CMC Markets has continued to prioritise operational resilience and cyber security as core to the success of the business. Speed of change in the digital world is everything but for a global online financial business availability, stability and reliability will always be paramount. Despite the high degree of complex change, uptime for the Next Generation platform was in excess of 99.9%.

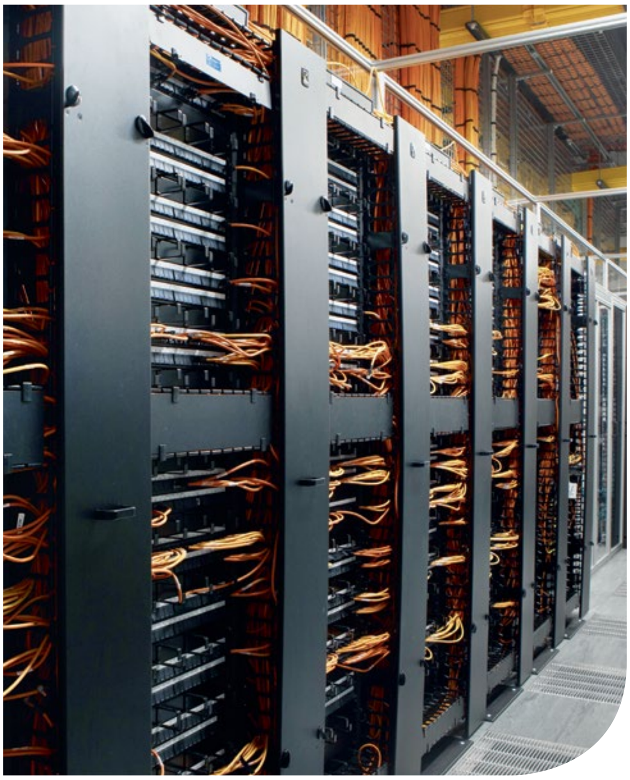
Cyber security

In today's world cyber risk is one of the biggest threats to any business. With ever growing and evolving threats and increased regulation the importance of robust security governance has never been greater. CMC continues to invest in security and to strengthen its internal processes to meet the growing challenge. By investing in new emerging technology and improved monitoring CMC aims to stay ahead of the threats.

The security of CMC's client data is critically important to the business and with the advent of the new General Data Protection Regulation which came into force in Europe in May 2018 a significant programme of work was undertaken to ensure all CMC's systems and processes would meet the new and enhanced requirements. All staff from the frontline staff to the Board of Directors undertake regular security awareness training to ensure everyone understands the importance of security, its criticality to the business and their role in its protection.

Scalable platform

CMC Markets' infrastructure and Next Generation trading platform continues to be architected to scale as the business requires. Whilst the new regulation may have seen the average number of daily active clients and trades reduce, the number of products and prices in the system only continues to grow. We now process an average of more than 225 million prices per day with peaks in excess of 23,000 per second, an increase of more than 50% over the year.



"For a global online financial business, availability, stability and reliability will always be paramount."

Speed of execution

Despite the ever growing number of products and prices, speed of execution is still a differentiator for CMC. The automated execution on the Next Generation platform means the execution time of every single trade is minimised. The focus on performance improvements and optimisations means that we have been able to reduce the median execution time from 8.5 milliseconds during the prior financial year to under 7.5 milliseconds for the year ended 31 March 2019. This continues to improve with March 2019 showing a median execution time of just 4 milliseconds.

During the year planning began for a further investment in new infrastructure to support the Next Generation platform with improved performance a key driver for any new technology. A new infrastructure partner has been selected and the implementation of the new solution will begin early in the new financial year.

Stockbroking

The investment in new infrastructure and data centre facilities for the stockbroking platform has been completed. The new platform has performed even better than expected following the migration of ANZ Bank clients to CMC's stockbroking platform. Despite an increase of more than half a million customers and nearly three times the number of trades and orders flowing through the system each day, median execution times have improved by more than 30% and 95% of stockbroking orders are now executed in under 1 second.

Data and analytics

In order to support CMC's strategic objective to become a more data-driven organisation, two new modern data analytics platforms are being implemented. The first is already in use and providing a truly flexible and scalable platform for the teams to use with the key aim of improving how we onboard new clients. The second will utilise best of breed high performance, highly scalable storage to allow CMC to analyse more data faster than ever before. The new insight this will provide will allow CMC to optimise its risk management strategies.

Stockbroking orders executed in under 1 second

95%

CFD median trade execution time

7.5 milliseconds

Average CFD and spread bet prices processed per day

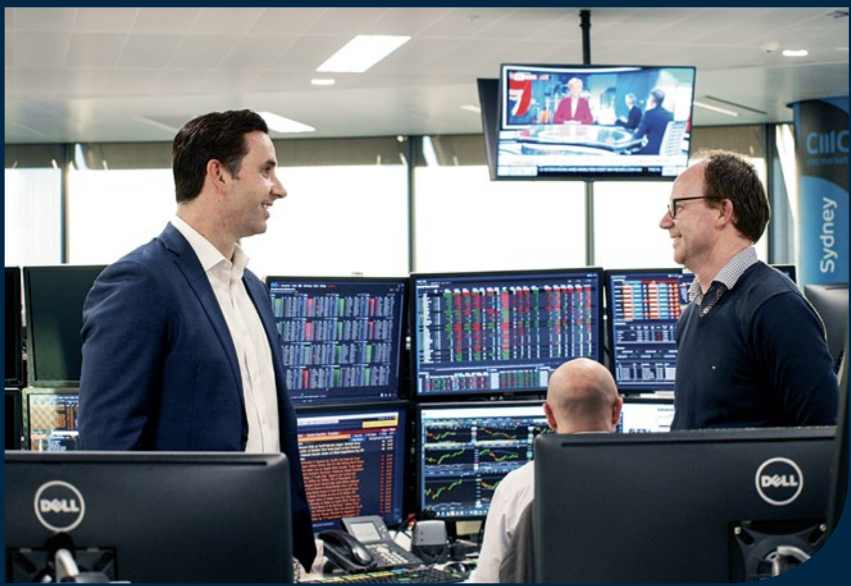
225 million

Our greatest asset

4. People

CMC Markets is committed to recruiting, developing, retaining and motivating exceptional people who are talented, innovative and focused on delivering excellence.

Employee turnover
23%



We acknowledge that this goes hand in hand with the Group's ongoing and future success. This is achieved through embedding values throughout the workforce as well as offering competitive rewards and benefits.

Our values

CMC's focus on people is demonstrated through our Company values, which communicate to the whole organisation what really matters in our culture to bring staff, strategy and clients together and drive the Group forward. These centre on quality, clients and integrity.

Reward and benefits

We offer competitive employment packages, including a flexible benefit scheme to enable the Group to attract and retain the best available talent. Senior management and critical talent also have equity incentives and, since listing, all UK employees have been offered the ongoing opportunity to contribute to an HMRC eligible Share Incentive Plan. Similar equity or cash-equivalent schemes have been rolled out globally.

The flexible benefit scheme allows employees to personalise their benefits according to their specific circumstances including the level of pension contribution, life insurance cover, critical illness cover and holiday trading.

Engagement and development

The Group operates and encourages a collaborative environment through knowledge sharing and ideas generation with a focus on quality and delivery.

There is regular communication to staff at all levels through multiple channels including town halls, results presentations, global emails and publications on the intranet. These communications raise awareness of the latest developments and factors affecting the Group. In addition, senior management encourages dialogue with employees through an open-door policy.

The Group provides a number of apprenticeship and graduate positions that offer individuals the opportunity to obtain new skills, as well as develop existing skillsets. The Group also provides learning and development opportunities for all employees, through both on-the-job and more formal training methods, including the senior management team, in order to build critical capabilities across the Group by specifically developing our high-potential talent to drive business performance.

The Group is also committed to maintaining an engaged and motivated workforce. During February 2019 the Group completed an engagement survey to highlight areas where improvements could be made. Key findings were that teamwork across the Group is strong with an inclusive environment, however, areas for improvement include career development and continuing to improve internal communications. The Group is developing a clear plan to address the findings in the coming year.

OUR VALUES

Put clients first

Our business is built around our clients. We're proud to have long-lasting relationships by understanding and supporting them every step of the way.

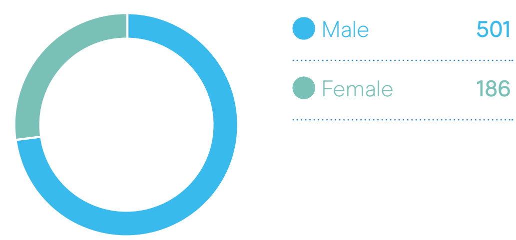
Lead with quality

Our commitment to quality is at the heart of our culture. Whatever we do, we do it properly. When faced with the choice, we always prioritise quality over quantity.

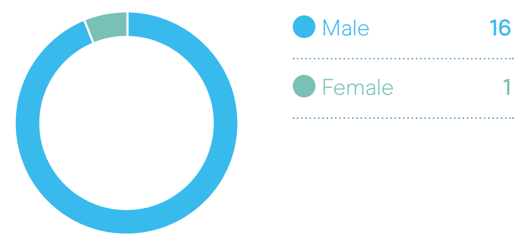
Set the standards

We're clear, open and honest with our clients, and with each other. We don't wait for others, but set the standards for others to follow.

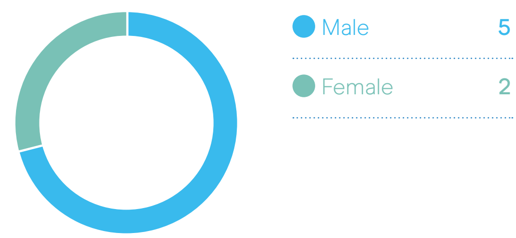
All staff[1]



Senior management team[2]



Board of Directors



1 Employees of the Group including contractors as at 31 March 2019.

2 Direct reports to CEO and subsidiary Directors excluding Board Directors as at 31 March 2019.

Diversity

As a Group, we are committed to having a diverse workforce, and believe that diversity brings valuable experience and skills to the business. We acknowledge that the diversity of the Group can be improved, particularly with respect to female representation at leadership level, and the Board monitors and seeks to address this on an ongoing basis. During the year the Diversity and Inclusion Committee oversaw the ongoing membership with the Everywoman Network which provides female employees with access to tools to assist their personal development.

Equal opportunities

The Group highly values the differences and creativity that a diverse workforce brings and is committed to recruiting, developing and retaining a world-class team irrespective of ethnicities, nationalities, sexual orientation, gender identity, beliefs, religions, cultures and physical abilities. CMC Markets seeks to establish a culture that values meritocracy, openness, fairness and transparency.

CMC Markets affirms that it will not tolerate any form of unlawful and unfair discrimination. In searching for talent, the commitment is always to recruit the best from the broadest applicant pool. All candidates have the right to expect that they will be respected and valued for the contribution that they bring to the Group.

We are committed to giving full consideration to applications for employment from disabled persons as well as providing continuing employment to existing employees who become disabled during their employment where practicable. Where existing employees become disabled, whether temporarily or permanently, we adapt the working environment and where possible offer flexible working, training and graduated back-to-work plans in conjunction with occupational health to ensure the retention of employees.

THE THINGS WE LIVE BY

Stand with our clients
We're as passionate about trading as our clients, and we're here to help them make the most of every opportunity. In everything we do. we put our clients at the centre.

Be human
We're personable and approachable. We know the value of personal interaction and, wherever possible, we talk in person or pick up the phone.

Take ownership
We make decisions as accountable individuals, not as committees. We do our research and listen with intent to drive improvements.

Be bold
We're not afraid to challenge ourselves or the status quo and we're always looking for ways to improve. If things don't work: we learn, iterate and succeed.

Work as a team
We're inclusive, welcoming and encourage collaboration. We work together across boundaries and don't have time for egos.

Keep it simple
In a complex industry, we always strive to keep things as simple as possible We're honest, reliable and straight-talking.

Focus on impact
We focus on solving the most important problems that will deliver the biggest impact. We use our time and money wisely and stay focused on the end goal.

Corporate social responsibility
During the year ended 31 March 2019 the CMC Markets CSR Committee directly engaged with charities and the community in both London and Australia. Highlights include:

- Appointing Greenhouse Sports as the CMC Markets London Charity of the Year – they have been pledged £55,000. Greenhouse Sports uses sport to engage with young people and improve their life chances. They partner with schools, placing full-time coaches into the school environment to deliver programmes that empower and inspire young people growing up in disadvantaged areas.
- CMC Markets is committed to supporting local talent and, together with the Peter Cruddas Foundation, sponsored Making The Leap for the third time to deliver its highly successful Social Mobility Careers Fair, where over 200 students attended on the day. In addition to this, the London Finance department provided an internship to one candidate, which assisted them in securing a permanent placement at a new employer after their internship had been completed.
- Staff social events have also been used as opportunities to raise funds for chosen charities alongside the opportunity for employees to access Company matching contributions for their own charity work.
- The Sydney office CSR Committee worked closely with Learning Links, its Charity of the Year, and also encouraged staff to volunteer to support and tutor children with learning disabilities and difficulties, aiming to improve their mathematics skills and confidence.

Human rights
CMC Markets conducts business in an ethical manner and adheres to policies which support recognised human rights principles. The Group anti-slavery and human trafficking statement can be found on the Group website (www.cmcmarkets.com/group).

Health and safety
The health and safety of the Group's employees and visitors is of primary importance. The Group is committed to creating and maintaining a safe and healthy working environment. Health and safety audits and risk assessments are carried out regularly.

Environmental matters
The Group is committed to managing its environmental impact and is fully aware that by considering the environment in its decision making, particularly around technology adoption and office selection, it can have a beneficial impact on its performance. More information on environmental impact can be found on page 84.

Anti-bribery and anti-corruption
The Group does not tolerate any form of bribery or inducements and it has an anti-bribery and corruption policy which is applicable to all global staff. The policy is owned by the Chief Operating and Financial Officer and is implemented by the financial crime team and compliance officers in offices across the Group. In conjunction with this policy, the Group also provides clear guidance to staff in other policies related to politically exposed persons ("PEPs"), gifts, entertainment and expenses. Should any member of staff believe they would like to anonymously raise bribery or corruption concerns they are also able to do this in accordance with the Group whistleblowing policy. One occurrence of bribery or corruption was reported during the financial year.

Maintaining the Group's stability

5. Financial strength

Our focus of maintaining strong levels of capital and liquidity in the Group ensures that even during more difficult trading conditions as seen throughout much of this financial year, the Group remains financially stable and can continue to invest in opportunities for the long-term success of the Group.

The significantly lower profitability of the business has resulted in a small decrease in total capital resources to £192.6 million (2018: £194.9 million). Our total available liquidity also decreased to £197.4 million (2018: £306.9 million) due to both cash generated from operations and a decrease in our committed facility, which decreased from £65.0 million to £40.0 million in March 2019, reflecting the lower planned usage of the facility in the coming year.

From a profitability perspective, the Group recorded a disappointing statutory profit before tax of £6.3 million (2018: £60.1 million) driven by the impact of regulatory change and low levels of volatility throughout much of the year, partly offset by ongoing tight cost control.

Summary

Net operating income for the year decreased by £56.3 million (30%) to £130.8 million, primarily driven by a significant decrease in trading volumes from those clients that were impacted by ESMA regulation, and a further reduction in overall client volumes due to lower levels of market volatility presenting fewer trading opportunities for our clients. This had a particular impact on the second half with net operating income lower than first half performance at £60.2 million (H1 2019: £70.6 million).

Summary income statement

	2019 £m	2018 £m	Variance £m	Variance %
Net operating income	**130.8**	187.1	(56.3)	(30%)
Operating expenses	**(123.1)**	(125.9)	2.8	2%
Operating profit	**7.7**	61.2	(53.5)	(87%)
Finance costs	**(1.4)**	(1.1)	(0.3)	(23%)
Profit before tax	**6.3**	60.1	(53.8)	(89%)
Profit before tax margin[1]	**4.8%**	32.1%	(27.3%)	—
Profit after tax	**5.9**	49.7	(43.8)	(88%)

	2019 Pence	2018 Pence	Variance Pence	Variance %
Basic EPS	**2.0**	17.3	(15.3)	(88%)

Active client numbers have fallen by 5,857 (10%) to 53,308, due to fewer trading opportunities resulting in more clients stopping trading than the prior year. In addition, the Group implemented enhanced appropriateness checks during the year. This contributed to the acquisition of fewer new clients; however, the quality of those new clients has improved, which is encouraging for the future.

Regarding the impact on active clients resulting from the implementation of ESMA measures, during August 2018 there was a rise in clients who stopped trading in the UK and Europe, however, monthly active client numbers have remained broadly stable for the remainder of the financial year and client money levels have remained strong, rising £27.6 million (9%) to £332.4 million.

Lower active client numbers in conjunction with the lower net operating income has resulted in revenue per client falling by £896 (30%) to £2,068.

The value of client trades has decreased by £328 billion (13%) to £2,259 billion, due to lower volumes from ESMA impacted clients and fewer trading opportunities for other clients.

Given the lower revenue performance there has been a significant focus on cost control; as a result, operating costs have decreased slightly to £123.1 million, from £125.9 million. This decrease has been due to lower discretionary bonus costs and reduced marketing spend, partly offset by higher costs associated with the increased size and scale of the Group's stockbroking business as part of the ANZ implementation.

Profit before tax decreased to £6.3 million from £60.1 million, reflecting the high level of operational gearing in the business whereby much of the decrease in net operating income directly impacts the bottom line.

1 Statutory profit before tax as a percentage of net operating income.

Net operating income overview

	2019 £m	2018 £m
CFD and spread bet (including binaries) net revenue	**110.2**	175.4
Stockbroking	**15.5**	8.5
Interest income	**3.4**	2.1
Other operating income	**1.7**	1.1
Net operating income	**130.8**	187.1

Regional performance overview: CFD and spread bet

	2019				2018				% change			
	Net revenue £m	Value of trades £bn	Active clients	RPC £	Net revenue £m	Value of trades £bn	Active clients	RPC £	Net revenue	Value of trades	Active clients	RPC
UK	**47.3**	**882**	**13,181**	**3,597**	71.9	1,036	16,157	4,451	(34%)	(15%)	(18%)	(19%)
Europe	**27.1**	**527**	**19,159**	**1,413**	50.6	777	22,223	2,276	(46%)	(32%)	(14%)	(38%)
ESMA region	**74.4**	**1,409**	**32,340**	**2,300**	122.5	1,813	38,380	3,191	(39%)	(22%)	(16%)	(28%)
APAC & Canada	**35.8**	**850**	**20,968**	**1,705**	52.9	774	20,785	2,544	(32%)	10%	1%	(33%)
Total	**110.2**	**2,259**	**53,308**	**2,068**	175.4	2,587	59,165	2,964	(37%)	(13%)	(10%)	(30%)

Regional performance overview: CFD and spread bet continued

ESMA Region

The ESMA region consists of two of our market segments, the UK and Europe. It was impacted by regulatory changes which were implemented on 1 August 2018 due to leverage restrictions placed on retail clients. This, along with market conditions, has dominated the deterioration in performance in comparison to 2018.

UK

The number of active clients in the region fell, down 18% to 13,181 (2018: 16,157). Consequently, the value of client trades in the UK also fell, down 15% against the prior year to £882 billion (2018: £1,036 billion). These decreases were driven by the retail business, with growth in the number of active institutional clients year on year, and the value of institutional client trades only slightly lower as a result of the lower volatility environment.

Europe

Europe comprises offices in Austria, France, Germany, Italy, Norway, Poland, Spain and Sweden. The value of client trades in the region was 32% lower than the prior year at £527 billion (2018: £777 billion). Regulatory changes in the region drove this decrease, with clients trading lower volumes in all offices except for Poland, which continues to show strong growth. The number of active clients decreased 14% to 19,159 (2018: 22,223).

APAC & Canada

Our APAC & Canada business services clients from our Sydney, Auckland, Singapore, Toronto and Shanghai offices along with other regions where we have no physical presence. The value of client trades increased by 10% to £850 billion (2018: £774 billion), despite the prior period including a record final quarter for client activity. Active clients were up 1% to 20,968 (2018: 20,785).

Stockbroking

The Australian stockbroking business has grown significantly during the year due to the successful implementation of the ANZ Bank white label partnership at the end of H1 2019. This has been the main driver of the 81% increase in revenue to £15.5 million (2018: £8.5 million). Existing business revenue was broadly flat on prior year in a market where direct competitors saw market volumes decrease in the region of 14%*.

The ANZ Bank implementation has also meant that our existing retail and intermediary client base have been the beneficiaries of platform enhancements during the year, including mobile trading, international equities and online exchange traded options and this should have revenue benefits for the existing business going forward.

* Source: ASX & Chi-X Combined Trading Statistics – IRESS.

Interest income

The low interest rate environment remained largely the same as the prior year, however interest income increased 63% to £3.4 million (2018: £2.1 million) driven by the FCA granting the UK business permission to deposit a proportion of UK client funds in term deposit accounts. The majority of the Group's interest income is earned through our segregated client deposits in our UK, Australia, New Zealand and stockbroking subsidiaries.

Expenses

Total operating expenses decreased by £2.8 million (2%) to £123.1 million.

	2019 £m	2018 £m
Net staff costs	51.7	57.9
IT costs	20.0	16.9
Marketing costs	14.1	18.3
Sales-related costs	2.2	2.3
Premises costs	7.3	6.2
Legal and professional fees	4.6	4.0
Regulatory fees	2.9	3.0
Depreciation and amortisation	7.3	6.8
Other	13.0	10.5
Total operating expenses	123.1	125.9
Interest	1.4	1.1
Total costs	124.5	127.0

Net staff costs

Net staff costs decreased £6.2 million (11%) to £51.7 million due to lower performance-related pay and share-based payments. This was partly offset by higher wages and salaries predominantly due to higher headcount in the stockbroking business relating to both the ANZ Bank implementation and the ongoing requirements of the larger business post go-live.

	2019 £m	2018 £m
Wages and salaries	46.5	43.4
Performance-related pay	1.8	10.7
Share-based payments (note 29)	0.8	3.0
Total employee costs	49.1	57.1
Contract staff costs	5.1	3.5
Net capitalisation	(2.5)	(2.7)
Net staff costs	51.7	57.9

Marketing costs

Marketing costs have decreased by £4.2 million (23%) to £14.1 million with a focus during the year on targeting spend towards the most efficient channels.

Other expenses

IT costs increased £3.1 million (18%) to £20.0 million mainly due to higher costs in the stockbroking business, with increases also due to the provision of new software and hardware services.

Premises costs increased mainly due to a move to a new office in Sydney to accommodate the required headcount to support the growing stockbroking business. Note that premises costs will reduce in the next financial year, where changes to accounting standards will result in the rental costs of leases in excess of one year will be recategorised from premises costs to depreciation and interest charges.

Other costs increased due to a number of factors, with the main drivers being higher bank charges, with a full year of lower recoverable bank charges resulting from EU regulation introduced in January 2018 and higher bad debt charges due to an exceptionally low charge in the prior financial year.

Taxation

The effective tax rate for the year was 7% (2018: 17%). The low rate was impacted by the a credit in respect of recognition of an additional amount of Australian tax credits in the year due to higher forecast profitability of the Australian entities. The impact of the credit was accentuated through the lower overall statutory profit before tax for the year.

Profit after tax for the year

The decrease in profit after tax for the year of £43.8 million (88%) was due to lower net operating income and the operational gearing in the business.

Dividend

Dividends of £21.1 million were paid during the year (2018: £25.7 million), with £17.2 million relating to a final dividend for the prior year paid in August 2018, and £3.9 million interim dividend paid in December 2018 relating to current year performance. The Group has proposed a final ordinary dividend of 0.68 pence per share (2018: 5.95 pence per share).

Group statement of financial position

	2019 £m	2018 £m
Intangible assets	5.0	4.4
Property, plant and equipment	18.1	20.7
Deferred tax assets	11.6	8.8
Financial investments	11.3	10.8
Trade and other receivables	2.7	2.2
Total non-current assets	48.7	46.9
Trade and other receivables	118.0	48.0
Derivative financial instruments	2.9	7.3
Financial investments	10.7	10.3
Current tax recoverable	3.4	—
Amount due from brokers	88.1	156.9
Cash and cash equivalents	48.7	60.5
Total current assets	271.8	283.0
Total assets	320.5	329.9
Trade and other payables	100.6	91.8
Derivative financial instruments	4.3	3.9
Borrowings	1.1	1.3
Current tax payable	—	2.3
Short-term provisions	0.2	0.1
Total current liabilities	106.2	99.4
Trade and other payables	4.8	5.5
Borrowings	1.2	2.3
Deferred tax liabilities	1.2	0.7
Long-term provisions	2.0	2.0
Total non-current liabilities	9.2	10.5
Total liabilities	115.4	109.9
Total equity	205.1	220.0
Total equity and liabilities	320.5	329.9

Non-current assets

The Group is committed to maintaining its Next Generation trading platform and these costs are expensed as incurred. The increase in intangible assets was caused by £2.7 million of internal development costs relating to the implementation of the ANZ Bank stockbroking white label partnership that were capitalised during the year.

Deferred tax assets increased during the year due to the recognition of a higher amount of tax losses on the balance sheet relating to Australian tax credits.

Financial investments both in non-current and current assets, mainly relate to the FCA requirement to hold eligible assets in order to meet the Group's liquid asset buffer ("LAB").

Group statement of financial position continued

Current assets

Trade and other receivables largely relate to client receivables from stockbroking positions yet to settle, an escrow deposit and deferred expenses relating to the ANZ Bank transaction, prepayments and other client debtors. The increase year on year is primarily as a result of the ANZ Bank partnership implemented during the first half of the year, which has significantly increased the value of the receivables from stockbroking clients.

Amounts due from brokers relate to cash held at brokers either for initial margin and balances in excess of this for cash management purposes.

Cash and cash equivalents have decreased during the year as a result of dividend and bonus payments, as well as a reduction in title transfer funds held, offset by reductions in amounts from brokers.

Current liabilities

Trade and other payables consist mainly of accruals and deferred income, amounts due on stockbroking trades yet to settle and amounts due to clients in relation to title transfer funds.

Non-current liabilities

Trade and other payables relate mainly to the deferred unwinding of lease incentives on our London and Sydney properties.

Borrowings relate to lease agreements associated with IT equipment purchases.

Regulatory capital resources

For the year under review, the Group was supervised on a consolidated basis by the FCA. The Group maintained a capital surplus over the regulatory requirement at all times.

The Group's total capital resources were broadly unchanged on prior year at £192.6 million (2018: £194.9 million) with retained earnings for the year being offset by the interim and proposed final dividend distribution and an increase in both deferred tax assets and intangible assets.

At 31 March 2019 the Group had a total capital ratio of 17.4% (31 March 2018: 31.1%). The decrease in the total capital ratio resulted from a higher total risk exposure; this was driven mainly by an increase in market risk capital requirement caused by adjustments to the Group's market risk management. The following table summarises the Group's capital adequacy position at the year end. The Group's approach to capital management is described in note 28 to the Financial Statements.

£m	2019	2018
Core equity Tier 1 capital[1]	203.1	202.8
Less: intangibles and deferred tax assets	(10.5)	(7.9)
Total capital resources	192.6	194.9
Pillar 1 requirement[2]	88.7	50.2
Total risk exposure[3]	1,108.9	627.0
Total capital ratio (%)	17.4%	31.1%

1 Total audited capital resources as at the end of the financial period, less proposed dividends.

2 The minimum capital required to adhere to CRD IV.

3 Calculated in accordance with article 92(3) of the CRR.

Liquidity

The Group has access to the following sources of liquidity that make up total available liquidity:

- **Own funds** The primary source of liquidity for the Group. It represents the funds that the business has generated historically, including any unrealised gains/losses on open hedging positions. All cash held on behalf of segregated clients is excluded. Own funds consist mainly of cash and cash equivalents and also include investments in UK government securities which are held to meet the Group's LAB as set by the FCA. These UK government securities are BIPRU 12.7 eligible securities and are available to meet liabilities which fall due in periods of stress.
- **Title transfer funds ("TTFs")** This represents funds received from professional clients and eligible counterparties (as defined in the FCA Handbook) that are held under a title transfer collateral agreement ("TTCA"), a means by which a professional client or eligible counterparty may agree that full ownership of such funds is unconditionally transferred to the Group. The Group does not require clients to sign a TTCA in order to be treated as a professional client and as a result their funds remain segregated. The Group considers these funds as an ancillary source of liquidity and places no reliance on its stability. The decrease during the year was reflective of the impact of a small number of professional clients, where we require the funds of these clients to be held under a TTCA.
- **Available committed facility (off-balance sheet liquidity)** The Group has access to a facility of up to £40.0 million (2018: £65.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support the risk management strategy. The £25.0 million decrease during the year was due to a reduction in the syndicated facility in March 2019, reflecting that the Group believes that a reduced facility is more representative of its potential requirements going forward. The facility consists of a one-year term facility of £20.0 million (2018: £32.5 million) and a three-year term facility of £20.0 million (2018: £32.5 million). The maximum amount of the facility available at any one time is dependent upon the initial margin requirements at brokers and margin received from clients. There was no drawdown on the facility at 31 March 2019 (2018: £nil).

The Group's use of total available liquidity resources consists of:

- **Blocked cash** Amounts held to meet the requirements of local regulators and exchanges, in addition to amounts held at overseas subsidiaries in excess of local segregated client requirements to meet potential future client requirements.
- **Initial margin requirement at broker** The total GBP equivalent initial margin required by prime brokers to cover the Group's hedge derivative and cryptocurrency positions.

At 31 March 2019, the Group held cash balances of £48.7 million (2018: £60.5 million). In addition, £332.4 million (2018: £304.8 million) was held in segregated client money accounts for clients. The movement in Group cash and cash equivalents is set out in the Consolidated Statement of Cash Flows.

Own funds have decreased to £149.8 million (2018: £193.9 million). Own funds include short-term financial investments, amounts due from brokers and amounts receivable/payable on the Group's derivative financial instruments. For more details refer to note 28 of the Financial Statements. The fall is predominantly due to dividend payments, bonus payments relating to 2018 performance and corporation tax payments.

	2019 £m	2018 £m
Own funds	149.8	193.9
Title transfer funds	7.6	48.0
Available committed facility	40.0	65.0
Total available liquidity	197.4	306.9
Less: blocked cash	(25.8)	(16.6)
Less: initial margin requirement at broker	(68.3)	(103.7)
Net available liquidity	103.3	186.6
Of which: held as LAB	22.0	21.2

Client money

Total segregated client money held by the Group was £332.4 million at 31 March 2019 (2018: £304.8 million).

Client money represents the capacity for our clients to trade and offers an underlying indication to the health of our client base.

Client money governance

The Group segregates all money held by it on behalf of clients excluding a small number of large clients which have entered a TTCA with the firm. This is in accordance with or exceeding applicable client money regulations in countries in which it operates. The majority of client money requirements fall under the Client Assets sourcebook ("CASS") rules of the FCA. All segregated client funds are held in dedicated client money bank accounts with major banks that meet strict internal criteria and are held separately from the Group's own money.

The Group has comprehensive client money processes and procedures in place to ensure client money is identified and protected at the earliest possible point after receipt as well as governance structures which ensure such activities are effective in protecting client money. The Group's governance structure is explained further on pages 49 to 51.

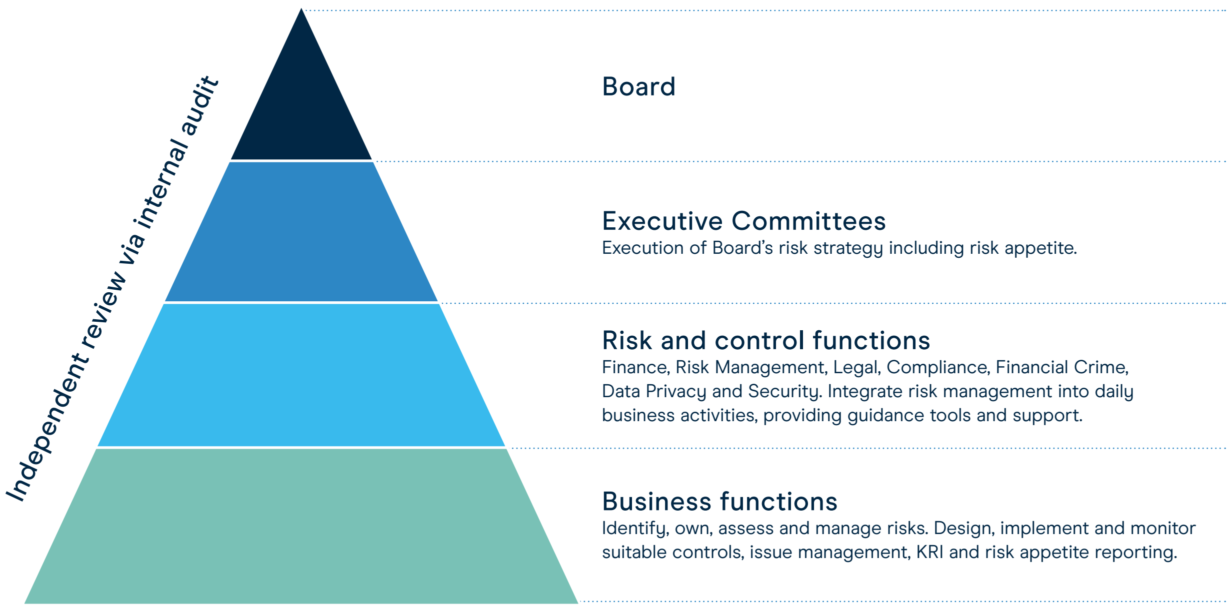
Effective risk management

Effective risk management is crucial to the Group's ongoing success and is embedded across the organisation, ensuring key risks are identified and effectively managed.

6. Risk management

The Group's business activities naturally expose it to strategic, financial and operational risks inherent in the nature of the business it undertakes and the financial, market and regulatory environments in which it operates. The Group recognises the importance of understanding and managing these risks and that it cannot place a cap or limit on all of the risks to which the Group is exposed. However, effective risk management ensures that risks are managed to an acceptable level. The Board, through its Group Risk Committee, is ultimately responsible for the implementation of an appropriate risk strategy, which has been achieved using an integrated Risk Management Framework. The main areas covered by the Risk Management Framework are:

- identifying, evaluating and monitoring of the principal risks to which the Group is exposed;
- setting the risk appetite of the Board in order to achieve its strategic objectives; and
- establishing and maintaining governance, policies, systems and controls to ensure the Group is operating within the stated risk appetite.



The Board has put in place a governance structure which is appropriate for the operations of an online retail financial services group and is aligned to the delivery of the Group's strategic objectives. The structure is regularly reviewed and monitored and any changes are subject to Board approval. Furthermore, management regularly considers updates to the processes and procedures to embed good corporate governance throughout CMC Markets. As part of the Group Risk Management Framework, the business is subject to independent assurance by internal audit (third line of defence). The use of independent compliance monitoring, risk reviews (second line of defence) and risk and control self-assessments (first line of defence) provides additional support to the integrated assurance programme and ensures that the Group is effectively identifying, managing and reporting its risks. The Group continues to make enhancements to its Risk Management Framework and governance to provide a more structured approach to identifying and managing the risks to which it is exposed. The Board has undertaken a robust assessment of the principal risks facing the Group. Top and emerging risks are considered those that would threaten its business model, future performance, solvency or liquidity and how these risks are managed or mitigated (Code C.2.1). These are outlined below and details of financial risks and their management are set out in note 28 to the Financial Statements.

Top and emerging risks during the year, which form either a subset of one or multiple principal risks and continue to be at the forefront of the Group discussions, are:

- **Market risk management:** the Group's risk management is constantly reviewed to ensure it is optimised and as efficient as possible. During the second half of the financial year the Board reviewed and approved a revised approach to market risk with increased limits resulting in higher levels of internalisation in more liquid instruments. For more information on market risk management and mitigation see page 40.
- **Regulatory change:** on 1 August 2018 the Group implemented ESMA changes relating to the marketing and distribution of CFDs to retail clients throughout Europe. Since then management has been monitoring the impact on the Group. The Group's strategic focus has and continues to be on acquiring and retaining high value and experienced clients, many of whom have successfully requested to become elective professionals. This has helped to mitigate the impact of these regulatory changes. There continues to be a focus on potential for, and readiness for, regulatory change across our client base elsewhere in the Group. The Group continues to believe that in the medium to long term these changes present opportunities for the Group and the Group's strong balance sheet and increasing diversification put it in a strong position to deal with, and take advantage of, these changes.
- **UK's exit from the European Union ("Brexit"):** the impact that Brexit has on the Group is closely monitored. A new subsidiary has been set up in Germany which mitigates the impact on client acquisition and revenue generation arising from the potential that the UK could lose its MiFID II passport rights as a result of Brexit. The new subsidiary is on track to start conducting regulated activity before 31 October 2019, pending final regulatory approval.

Further information on the structure and workings of Board and Management Committees is included in the Corporate governance report on page 48.

BUSINESS AND STRATEGIC RISKS

Risk	Description	Management and mitigation
Regulatory change	The risk that changes to the regulatory framework the Group operates in impacts the Group performance. Such changes could result in the Group's product offering becoming less profitable, more difficult to offer to clients, or an outright ban on the product offering in one or more of the countries where the Group operates.	• Active dialogue with regulators and industry bodies. • Monitoring of market and regulator sentiment towards the product offering. • Monitoring by and advice from compliance department on impact of actual and possible regulatory change. • A business model and proprietary technology that are responsive to changes in regulatory requirements.
Acquisitions and disposals	The risk that mergers, acquisitions, disposals or other partnership arrangements made by the Group do not achieve the stated strategic objectives or that they give rise to ongoing or previously unidentified liabilities.	• Robust corporate governance structure including strong challenge from independent Non-Executive Directors. • Vigorous and independent due diligence process. • Align and manage the businesses to Group strategy as soon as possible after acquisition.
Strategic/ business model risk	The risk of an adverse impact resulting from the Group's strategic decision making as well as failure to exploit strengths or take opportunities. It is a risk which may cause damage or loss, financial or otherwise, to the Group as a whole.	• Strong governance framework established including three independent Non-Executive Directors and the Chairman sitting on the Board. • Robust governance, challenge and oversight from independent Non-Executive Directors. • Managing the Group in line with the agreed strategy, policies and risk appetite.
Reputational risk	The risk of damage to the Group's brand or standing with shareholders, regulators, existing and potential clients, the industry and the public at large.	• The Group is conservative in its approach to reputational risk and operates robust controls to ensure significant risks to its brand and standing are appropriately mitigated. • Examples include: - proactive engagement with the Group's regulators and active participation with trade and industry bodies; and - positive development of media relations with strictly controlled media contact.

FINANCIAL RISKS

Risk	Description	Management and mitigation
Credit and counterparty risk	The risk of losses arising from a borrower or counterparty failing to meet its obligations as they fall due.	**Client credit risk** The Group's management of client credit risk is significantly aided by automatic liquidation functionality where margin levels are continuously reviewed. If they fall below pre-agreed levels, the positions held on the account will automatically be closed out. Other platform functionality mitigates risk further: • tiered margin requires clients to hold more collateral against bigger or higher risk positions; • mobile phone access allowing clients to manage their portfolios on the move; • guaranteed stop-loss orders allow clients to remove their chance of debt from their position(s); and • position limits can be implemented on an instrument and client level. The instrument level enables the Group to control the total exposure the Group takes on in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument. In Europe CMC Markets offers negative balance protection to retail clients limiting the liability of a retail investor to the funds held in their trading account. However, after mitigations, there is a residual risk that the Group could incur losses relating to clients (excluding negative balance protection accounts) moving into debit balances if there is a market gap. **Counterparty credit risk** Risk management is carried out by a central liquidity risk management ("LRM") team under the Counterparty Concentration Risk Policy, approved by the Policy Steering Group ("PSG") on behalf of the Board. Mitigation is achieved by: • monitoring concentration levels to counterparties and reporting these internally/externally on a monthly/quarterly basis; and • monitoring the credit ratings and credit default swap ("CDS") spreads of counterparties and reporting internally on a weekly basis. Further information is available in note 28 to the 2019 Annual Report and Financial Statements.
Tax and financial reporting risk	The risk that financial, statutory or regulatory reports, including corporation tax, VAT and similar taxes, are submitted late or incomplete or are inaccurate.	• Robust process of checking and oversight in place to ensure accuracy. • Knowledgeable and experienced staff undertake and overview the relevant processes.

FINANCIAL RISKS continued

Risk	Description	Management and mitigation
Insurance risk	The risk that an insurance claim by the Group is declined (in full or in part) or there is insufficient insurance coverage.	• Use of a reputable insurance broker which ensures cover is placed with financially secure insurers. • Comprehensive levels of cover maintained. • Rigorous claim management procedures are in place with the broker. • The Board's appetite for uninsured risk is low and as a result the Group has put in place established comprehensive levels of insurance cover.
Liquidity risk	The risk that there is insufficient available liquidity to meet the liabilities of the Group as they fall due.	• Risk management is carried out by a central LRM team under policies approved by the Board and in line with the FCA's individual liquidity adequacy standards ("ILAS") regime. The Group utilises a combination of liquidity forecasting and stress testing to identify any potential liquidity risk both during normal and stressed conditions. The forecasting and stress testing fully incorporate the impact of all liquidity regulations in force in each jurisdiction and other impediments to the free movement of liquidity around the Group. Risk is mitigated by: • the provision of timely daily, weekly and monthly liquidity reporting and real-time broker margin requirements to enable strong management and control of liquidity resources; • a committed bank facility of up to £40.0 million to meet short-term liquidity obligations to broker counterparties in the event that the Group does not have sufficient access to its own cash; and • a formal Contingency Funding Plan ("CFP") is in place that is designed to aid senior management to assess and prioritise actions in a liquidity stress scenario. For more information see note 28 to the 2019 Annual Report and Financial Statements.
Market risk	The risk that the value of our residual portfolio will decrease due to changes in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.	Trading risk management monitors and manages the exposures it inherits from clients on a real-time basis and in accordance with Board-approved appetite. The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily reduce market risk exposure through its prime broker ("PB") arrangements. This significantly reduces the Group's revenue sensitivity to individual asset classes and instruments. Financial risk management runs stress scenarios on the residual portfolio, comprising a number of single and combined Company-specific and market-wide events in order to assess potential financial and capital adequacy impacts to ensure the Group can withstand severe moves in the risk drivers it is exposed to. For further information see note 28 to the 2019 Annual Report and Financial Statements.

OPERATIONAL RISKS

Risk	Description	Management and mitigation
Business change risk	The risk that business change projects are ineffective, fail to deliver stated objectives, or result in resources being stretched to the detriment of business-as-usual activities.	• Governance process in place for all business change programmes with Executive and Board oversight and scrutiny. • Key users engaged in development and testing of all key change programmes. • Significant post-implementation support, monitoring and review procedures in place for all change programmes. • Strategic benefits and delivery of change agenda communicated to employees.
Business continuity and disaster recovery risk	The risk that a physical business continuity event or system failure results in a reduced ability or inability to perform core business activities or processes.	• Use of external specialist premises to enhance resilience in the event of a disaster recovery or business continuity requirement. • Periodic testing of business continuity processes and disaster recovery. • Prompt response to significant systems failures or interruptions.
Financial crime risk	The risk that CMC Markets is not committed to combating financial crime and ensuring that our platform and products are not misused for the purpose of money laundering, sanctions evasion and terrorism financing. As such, adherence with applicable laws and regulations regarding anti-money laundering ("AML"), counter terrorism financing ("CTF"), sanctions and anti-bribery and corruption is mandatory and fundamental to our AML/CTF framework. We have strict and transparent standards and we continuously strengthen our processes so as to ensure compliance with applicable laws and regulations. CMC Markets reserves the right to reject any client, payment or business that is not consistent with our Risk Appetite.	• Establishing and maintaining a risk-based approach towards assessing and managing the money laundering and terrorist financing risks to the Group. • Establishing and maintaining risk-based Know Your Customer ("KYC") procedures, including enhanced due diligence for those customers presenting higher risk, such as Potentially Exposed Persons ("PEPs"). • Establishing and maintaining risk-based systems for surveillance and procedures to monitor ongoing customer activity. • Procedures for reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate. • Maintenance of appropriate records for the minimum prescribed record keeping periods. • Training and awareness for all employees. • Provision of appropriate MI and reporting to senior management of the Group's compliance with the requirements. • Oversight of Group entities for financial crime in line with the Group AML/CTF Oversight Framework.
Information and data security risk	The risk of unauthorised access to or external disclosure of client or Company information, including those caused by "cyber attacks".	• Dedicated information security and data protection resource/expertise within the Group. • Technical and procedural controls implemented to minimise the occurrence of information security and data protection breaches. • Access to information only provided on a "need-to-know" and "least privilege" basis consistent with the user's role and also requires the appropriate authorisation. • Key data loss prevention initiatives and regular system access reviews implemented across the business.

OPERATIONAL RISKS continued

Risk	Description	Management and mitigation
Information technology and infrastructure risk	The risk of loss of technology services due to loss of data, system or data centre or failure of a third party to restore services in a timely manner.	• Continuous investment in increased functionality, capacity and responsiveness of systems and infrastructure, including investment in software that monitors and assists in the detection and prevention of cyber attacks. • Software design methodologies, project management and testing regimes to minimise implementation and operational risks. • Constant monitoring of systems performance and, in the event of any operational issues, changes to processes are implemented to mitigate future concerns. • Operation of resilient data centres to support each platform (two in the UK to support Next Gen and two in Australia to support stockbroking). • Systems and data centres designed for high availability and data integrity. • Continuous service available to clients in the event of individual equipment failures or major disaster recovery events.
Legal (commercial/ litigation) risks	The risk that disputes deteriorate into litigation.	• Compliance with legal and regulatory requirements including relevant codes of practice. • Early engagement with legal advisers and other risk managers. • Appropriately managed complaints which have a legal/litigious aspect. • An early assessment of the impact and implementation of changes in the law.
Operations (processing) risks	The risk that the design or execution of business processes is inadequate or fails to deliver an expected level of service and protection to client or Company assets.	• Investment in system development and upgrades to improve process automation. • Enhanced staff training and oversight in key business processing areas. • Monitoring and robust analysis of errors and losses and underlying causes.
Procurement and outsourcing risk	This is the risk of third-party organisations inadequately providing or performing or failing to provide or perform the outsourced activities or contractual obligations to the standards required by the Group.	• Outsourcing only employed where there is a tactical gain in resource or experience. • Due diligence performed on service supplier ahead of outsourcing being agreed. • Service level agreements in place and regular monitoring of performance undertaken.

OPERATIONAL RISKS continued

Risk	Description	Management and mitigation
People risk	The risk of loss of key staff or having insufficient skilled resources available.	• The Board has directed that the Group maintains an active Succession and Resource Plan for all key individuals and groups/teams, which will mitigate some of the risk of loss of key persons. It will adopt policies and strategies commensurate with its objectives of: - attracting and nurturing the best staff; - retaining key individuals; - developing personnel capabilities; - optimising continuous professional development; and - achieving a reputation as a good employer with an equitable remuneration policy.
Regulatory and compliance risk	The risk of regulatory sanction or legal proceedings as a result of failure to comply with regulatory, statutory or fiduciary requirements or as a result of a defective transaction.	• Internal audit outsourced to an independent third-party professional services firm. • Effective compliance oversight, planning and implementation. • Comprehensive monitoring programmes by compliance and internal audit. • Controls for appointment and approval of staff holding a controlled function and annual declarations to establish ongoing fitness and propriety. • Governance and reporting of regulatory risks through the Risk Management Committee, Group Audit Committee and Group Risk Committee. • Anti-money laundering controls for client due diligence and sanctions checking.
Conduct risk	This is the risk that through our culture, behaviours or practices we fail to meet the reasonable expectations of our customers, shareholders or regulators.	• The Treating Customers Fairly ("TCF") and Conduct Committee reports into the Risk Management Committee ("RMC"). The Committee is chaired by the TCF Champion, a member of the Executive Committee ("Exco"). The Committee is comprised of senior management and subject matter experts and meets regularly to review the TCF management information and any emerging issues or incidents which could impact on issues of client fairness. It also reports to the Board via the RMC on TCF matters and reviews and recommends approval of the TCF policy.
Client money segregation risk	This is the risk that the firm fails to implement adequate controls and processes to ensure that client money is segregated in accordance with applicable regulations.	• The Client Money Review Group ("CMRG"), which reports into the RMC, is a fundamental part of the Group's client money governance and oversight procedures. The CMRG is chaired by the CF10a, an FCA-approved person, who is responsible for overseeing the controls and procedures in place to protect client money. The Committee is comprised of senior management from across the Group who oversee functions which impact client money. The CMRG forms a key part of the oversight of client money in addition to compliance, internal audit and our external auditors.

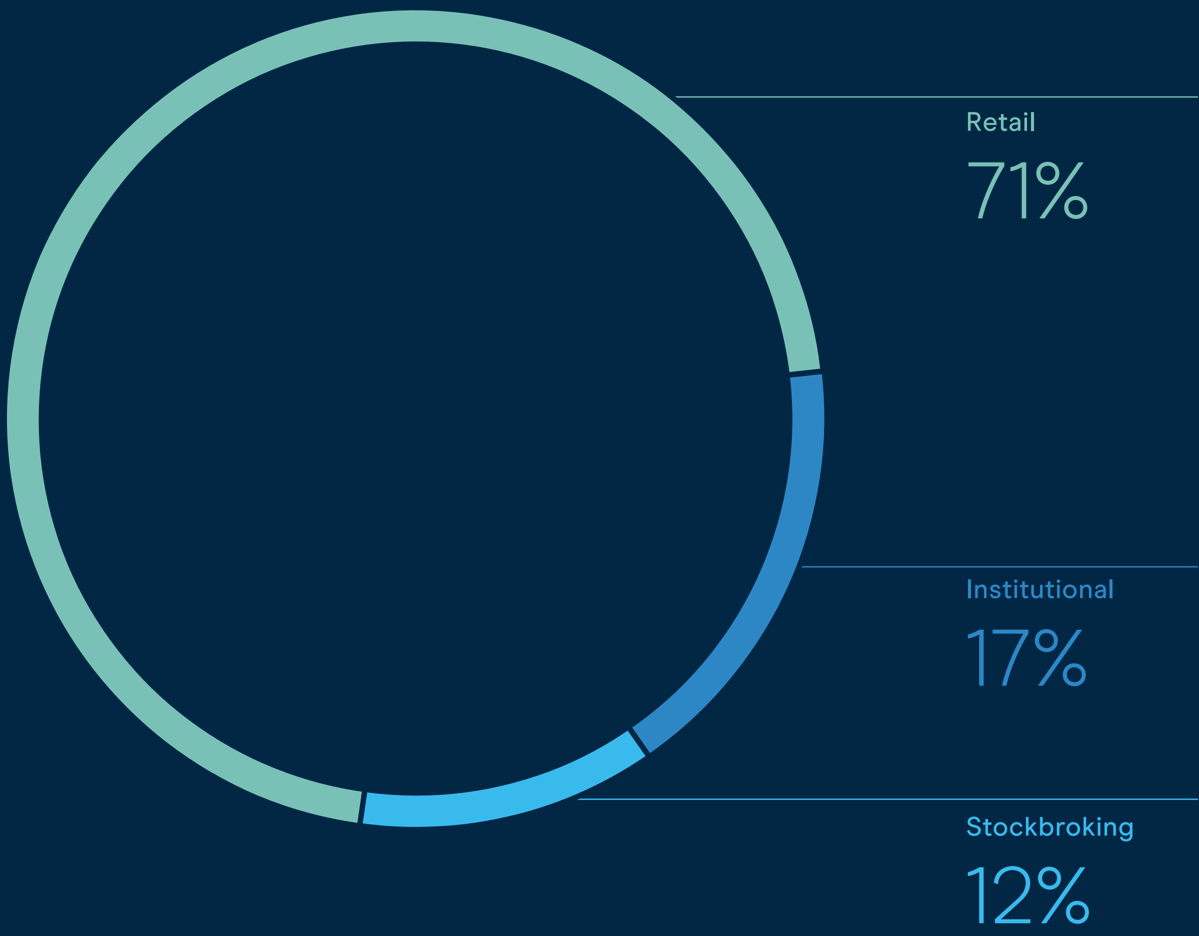
G Foley

Grant Foley
Chief Operating and Financial Officer
5 June 2019

A diversified client base

Our client base has a broad global mix of retail and institutional leveraged product traders along with a growing base of Australian stockbroking clients.

2019 proportion of net revenue



Revenue continues to be generated predominantly from our retail CFD and spreadbet clients, which is diversified across four continents.

The institutional business continues to be a focus area which the Group aims to grow both in existing and new geographies. The Australian stockbroking business has the largest client base, however due to lower revenue per client, generates a small but growing proportion of the Group's revenue. The Group's proprietary technology has the scalability to grow the client base in many ways including geographically, by channel and also by product offering.

The role of the Board

In promoting the long-term success of the Company, the Board provides entrepreneurial leadership and oversight within the governance structure, detailed later in this section. The Board is responsible for the development of the Group strategy and for monitoring performance against a set of clear objectives, ensuring that the necessary financial and human resources are in place to achieve this strategy.

The Board has ultimate responsibility to prepare the Annual Report and Financial Statements and to ensure that appropriate internal controls and risk management systems are in place in order to manage and mitigate risk. The Board delegates the in-depth review and monitoring of internal controls and risk management to the Group Audit Committee and Group Risk Committee respectively.

The terms of reference of these Board Committees are available on the CMC Markets plc Group website (www.cmcmarkets.com/group/committees).

James Richards
Chairman

Appointment
1 April 2015

Committee membership
G R N

Skills and experience
James joined the Group as a Non-Executive Director in April 2015 and was appointed as Chairman with effect from 1 January 2018 and Chairman of the Nomination Committee from 31 January 2018. He has previously held positions as Chairman of the Remuneration Committee and been a member of the Nomination Committee, Group Risk Committee and Group Audit Committee. James was admitted to the roll of solicitors in England and Wales in 1984 and in the Republic of Ireland in 2012. James was a partner at Dillon Eustace, a law firm specialising in financial services in Ireland, (2012 to 2016). Prior to this he was a finance partner at Travers Smith LLP for 14 years. Having occupied various senior positions within leading law firms James has extensive experience in derivatives, debt capital markets and structured finance working with major corporates, central banks and governmental organisations.

No external appointments

Peter Cruddas
Chief Executive Officer

Appointment
3 June 2004

Committee membership
E

Skills and experience
Peter founded the Group and became its Chief Executive Officer in 1989. Peter held this role until October 2007, and again between July 2009 and June 2010. Between 2003 and March 2013, he also served as the Group's Executive Chairman. In March 2013, he once again became the Group's CEO and is responsible for running the Group on a day-to-day basis. Prior to founding the Group, Peter was chief dealer and global group treasury adviser at S.C.F. Equity Services, where he was responsible for all the activities of a dealing room whose principal activities were trading in futures and options in currencies, precious metals, commodities and spot forwards on foreign exchange and bullion.

Current external appointments
The Peter Cruddas Foundation

Finada Limited

Crudd Investments Limited

Paul Wainscott
Senior Independent Director

Appointment
19 October 2017

Committee membership
A G R N

Skills and experience
Paul joined the Group as an independent Non-Executive Director in October 2017 and acts as the Group's Senior Independent Director. After over 27 years' experience as finance director, Paul recently stood down from his position at the Peel Group. During his time at the Peel Group, Paul gained wide experience at both board level and in several different business sectors. These have included real estate, transport, media and utilities.

Current external appointments
Peel Developments España ES

Sarah Ing
Independent
Non-Executive Director

Appointment
14 September 2017

Committee membership
A G R N

Skills and experience
Sarah joined the Group as a Non-Executive Director in September 2017. She has 30 years' experience in accountancy, investment banking and fund management, including time with HSBC and UBS. She is a Chartered Accountant and was a top-rated equity research analyst covering the general financials sector. Sarah also founded and ran a hedge fund investment management business. Sarah recently joined XPS Pensions Group Plc as a non-executive director.

Current external appointments
The Horse Rangers Association (Hampton Court) Limited

XPS Pensions Group Plc

Clare Salmon
Independent
Non-Executive Director

Appointment
2 October 2017

Committee membership
A G R N

Skills and experience
Clare joined the Group as a Non-Executive Director in October 2017. She has held a broad variety of international leadership roles with board-level experience across a range of service businesses. These have included the AA, RSA, Vodafone, ITV, Prudential and Royal London. Clare is also an experienced non-executive director having spent six years on the board of Alliance Trust Plc, and was CEO of the British Equestrian Federation. Most recently, Clare joined Amigo Holdings plc as a non-executive director.

Current external appointments
Amigo Holdings plc

GS Yacht Charters LLP

David Fineberg
Deputy CEO

Appointment
1 January 2014

Committee membership
E M

Skills and experience
David joined the Group in November 1997 working on the trading desk and developed the Group's multi-asset CFD and spread bet dealing desk. As a senior dealer he was responsible for managing the UK and US equity books. Between April 2007 and September 2012, he was the Group's Western Head of Trading, covering all asset classes for the western region. In September 2012 David was appointed to the role of Group Head of Trading and in January 2014 was appointed as the Group Director of Trading with overall responsibility for the trading and pricing strategies and activities across the Group. In June 2017 his role further expanded when he became Group Commercial Director and then in April 2019 was promoted to the position of Deputy CEO.

No external appointments

Grant Foley
Chief Operating and
Financial Officer

Appointment
1 August 2013

Committee membership
E M

Skills and experience
Grant joined the Group in April 2013 as Group Head of Finance and in June 2017 he was appointed Chief Operating and Financial Officer. Grant is a Fellow of the Institute of Chartered Accountants in England and Wales ("FCA") and has over 20 years of financial services experience, having held senior finance, operational and board positions in a number of businesses. These have included Coutts & Co, Prudential Bache, Nomura and Arbuthnot Securities. In April 2019, Grant announced his intention to leave CMC to pursue other opportunities and would therefore not be considered for re-election at the Annual General Meeting ("AGM") on 25 July 2019.

No external appointments

Key
- A Group Audit Committee
- R Remuneration Committee
- G Group Risk Committee
- M Risk Management Committee
- N Nomination Committee
- E Executive Committee
- ○ Chairman

Corporate governance introduction

Corporate governance is important in underpinning our long-term success.

DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to present the Group Corporate governance report for the year ended 31 March 2019. The Board continues to recognise that an effective governance framework is fundamental in ensuring the Group's ability to deliver long-term shareholder value. The Group continues to apply the principles and is compliant with the provisions of the UK Corporate Governance Code (the "Code").

This Corporate governance report aims to assist our shareholders in understanding the Group's approach to corporate governance. As a company listed on the Main Market of the London Stock Exchange, CMC Markets plc is required by the Listing Rules and Disclosure and Transparency Rules of the UK Listing Authority to review its practices against, and report to its shareholders on its compliance with, each of the provisions of the Code throughout the year.

Board composition

It is critical that the Board has the right composition, so it can provide the best possible leadership for the Group and discharge its duties to shareholders. This includes the right balance of skills and experience, ensuring that all of the Directors have a good working knowledge of the Group's business, and that the Board retains its independence and objectivity.

Board effectiveness

The balance of skills, experience and independence of the Board and individual Directors was reviewed as part of the Board and Committee evaluation process. All Directors received computer based training on relevant financial service matters with emphasis on the responsibilities with regard to regulation and compliance.

Shareholder engagement

As Chairman, I am responsible for the effective communication between shareholders and the Company and for ensuring the Board understands the views of major shareholders. A monthly investor relations report is distributed to the Board and considered at each Board meeting.

I look forward to listening to the views of our shareholders at the Company's 2019 AGM. Directors regularly meet with a cross-section of the Company's shareholders to ensure an ongoing dialogue is maintained and report to the Board on the feedback received from shareholders. I will also always make myself available to meet any of our shareholders who wish to discuss matters regarding the Company.

James Richards

James Richards
Chairman
5 June 2019

Leadership

Matters reserved for the Board

It is recognised that certain matters cannot, or should not, be delegated and the Board has adopted a schedule of matters reserved for Board consideration and approval. The matters reserved for the Board fall into the following areas:

- strategy and management;
- structure and capital;
- financial reporting and controls;
- internal controls and risk management;
- contracts;
- communications;
- Board membership and other appointments;
- remuneration;
- delegation of authority;
- corporate governance matters;
- policies;
- political charitable donations;
- appointment of principal professional advisers;
- material litigation; and
- insurance.

The schedule of matters reserved for the Board is available on the CMC Markets plc Group website.

Board composition

Corporate governance: meeting attendance

Name	Position	Board meetings	Group Audit Committee	Group Risk Committee	Nomination Committee	Remuneration Committee
James Richards	Chairman	11 (11)	—	5 (5)	3 (3)	10 (10)
Paul Wainscott	Senior Independent Director	11 (11)	4 (4)	5 (5)	3 (3)	9 (10)
Sarah Ing	Independent Non-Executive Director	11 (11)	4 (4)	5 (5)	3 (3)	10 (10)
Clare Salmon	Independent Non-Executive Director	11 (11)	4 (4)	5 (5)	3 (3)	10 (10)
Peter Cruddas	Chief Executive Officer	11 (11)	—	—	—	—
David Fineberg	Group Commercial Director	11 (11)	—	—	—	—
Grant Foley	Chief Operating and Financial Officer	11 (11)	—	—	—	—

Excluding the Chairman, the Board consists of three Executive Directors and three Non-Executive Directors and therefore complies with Provision B1.2 of the Code. All Non-Executive Directors are considered to be independent.

DIVISION OF RESPONSIBILITIES

The roles of the Chairman and Chief Executive Officer ("CEO") are separate, clearly defined in writing and agreed by the Board.

Chairman

Responsibilities of the Chairman include:

- leadership of the Board and ensuring open and effective communication between the Executive and Non-Executive Directors;
- ensuring Board meetings are effective by setting appropriate and relevant agenda items, creating an atmosphere whereby all Directors are engaged and free to enter healthy and constructive debate;
- ensuring effective communication between major shareholders and the Board;
- overseeing each Director's induction and ongoing training; and
- leadership of the Board effectiveness process through his role as Chairman of the Nomination Committee.

CEO

Responsibilities of the CEO include:

- day-to-day management of the Group's business and implementation of the Board-approved strategy;
- acting as Chairman of the Executive Committee and leading the senior management team in devising and reviewing Group development for consideration by the Board;
- responsibility for the operations and results of the Group; and
- promoting the Group's culture and standards.

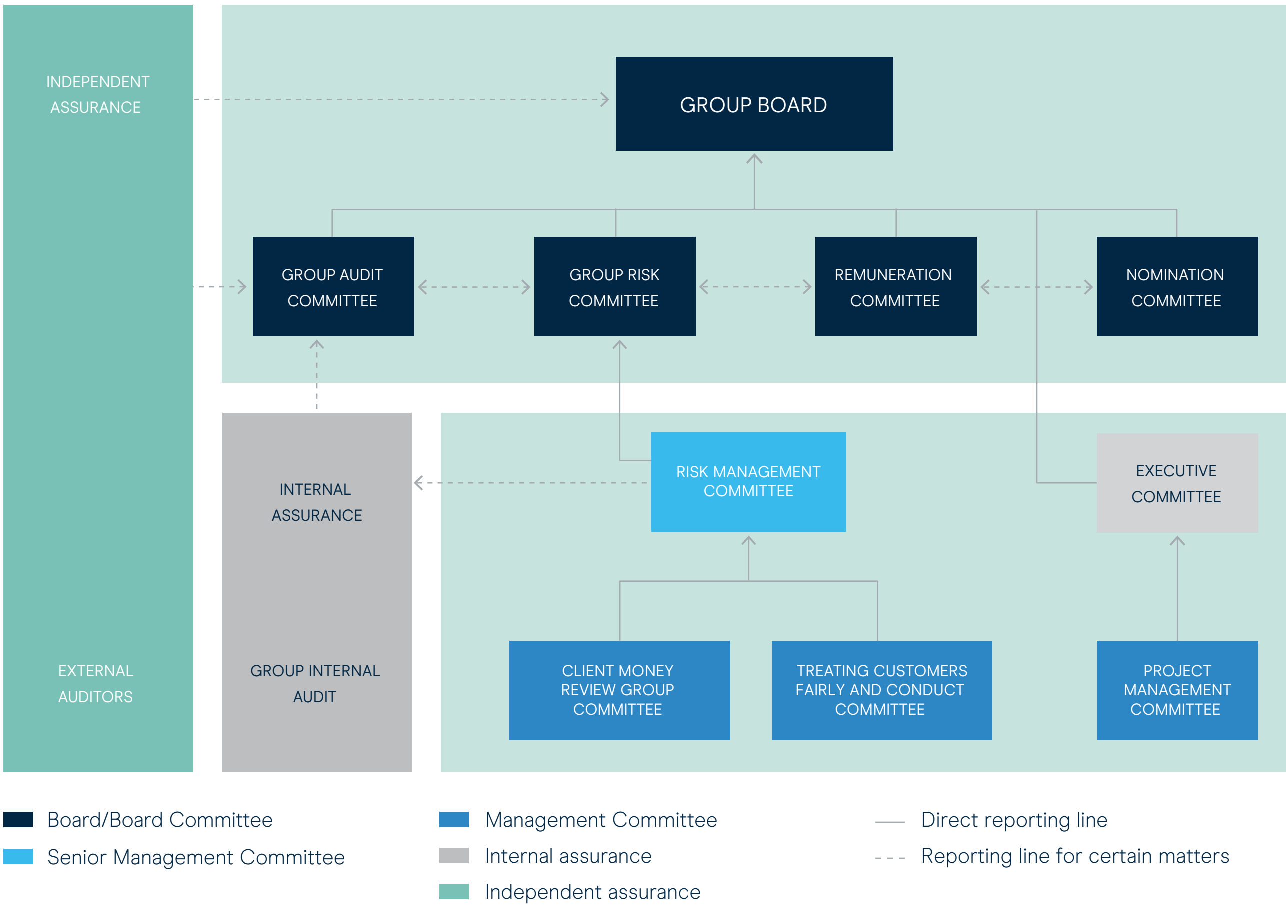
Responsibilities of the Senior Independent Director ("SID") include:

- acting as a sounding board for the Chairman and serving as an intermediary for the other Directors as necessary;
- acting as lead independent Non-Executive Director;
- leading the Non-Executive Directors in the performance evaluation of the Chairman, with input from the Executive Directors; and
- being available to shareholders in the event that the Chairman, Chief Executive Officer or other Executive Directors are unavailable.

Responsibilities of the Non-Executive Directors include:

- constructively challenging management proposals and providing advice in line with their respective skills and experience;
- helping develop proposals on strategy;
- having a prime role in appointing and, where necessary, removing Executive Directors; and
- having an integral role in succession planning.

Governance structure as at 31 March 2019



Activities of the Board

The Board has a comprehensive meeting planner for the next 12 months that ensures all matters for Board consideration are presented and considered in a timely manner. Key areas of focus during this financial period were:

- regulatory change and potential business impact;
- strategic opportunities, annual budget, strategic review and three-year plan;
- the development and launch of new products;
- risk management and risk appetite;
- partnership with ANZ Bank;
- challenge and approval of ICAAP, ILAA and other regulatory documents; and
- Brexit.

Accountability

Election of Directors
The 2019 AGM will be held on 25 July 2019 at 133 Houndsditch, London EC3A 7BX.

Following recommendations from the Nomination Committee and review by the Chairman, the Board considers that all Directors continue to be effective, remain committed to their roles and have sufficient time available to perform their duties. In accordance with the Company's articles of association, and Provision B.7.1 of the Code, all Directors with the exception of Grant Foley will seek re-election at the Company's 2019 AGM, which will be set out in the Notice of AGM.

Independence of Non-Executive Directors and time commitment
Each of the Non-Executive Directors is considered to be independent. Each Director is aware of the need to allocate sufficient time to the Company in order to fulfil their responsibilities and is notified of all scheduled Board and Board Committee meetings.

Directors' induction
A formal procedure for Director induction and ongoing training is in place. As part of a new Director's application for approval from the FCA, a skills gap analysis and Learning and Development Plan has been created. The skills assessment is used by the Company to tailor induction meetings and training requirements for all new Directors. One-on-one meetings are organised between the Director and the management team in relevant areas of the business to allow an incoming Director to familiarise themselves with the management team and their respective roles and responsibilities and to gain a greater understanding and awareness of the industry in which the firm operates. These meetings also allow a forum for new Directors to discuss the business strategy and model, risk management, governance and controls and the requirements of the regulatory framework. These meetings and training arrangements form a key part of the Learning and Development Plan. Non-Executive Directors attended internally and externally facilitated training sessions.

Conflicts of interest
The Company's articles of association, in line with the Companies Act 2016, allow the Board to authorise any potential conflicts of interest that may arise and impose limits or conditions as appropriate. The Board has a formal process for the Directors to disclose any conflicts of interest and any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Board support
Each Director has access to the Company Secretary for advice and services. The Company Secretary ensures that meeting papers are delivered to Directors in a timely manner to allow for conducive and effective Board and Board Committee meetings.

As stated in each of the Board Committees' terms of reference and the Company's articles of association the Directors may take independent professional advice at the Company's expense.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Financial Statements (Code C.1.1) and it has considered and endorsed the arrangements enabling it to confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. With the assistance of the Group Audit Committee, the Board ensured that sufficient time and resources were available to encompass the disclosure requirements that the Group is subject to and that the Annual Report and Financial Statements met all relevant disclosure requirements.

The Board believes in the governance principles of being open, transparent and compliant with the principles and provisions of the Code. Following review by the Group Audit Committee, the Board considered and agreed that the Annual Report contained the necessary information for shareholders to assess the Company's performance, strategy and overall business model.

Group Audit Committee

The Group Audit Committee has been delegated responsibility for the monitoring and oversight of the external and internal audit of internal controls. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 54 to 56.

Group Risk Committee

The Group Risk Committee has been delegated responsibility for the monitoring and oversight of risk management, mitigation and approval of risk appetite. The Committee's responsibilities, main activities and priorities for the coming year are set out on pages 57 to 58.

Shareholder engagement

The Board recognises the importance of good communication with shareholders. The Board maintains regular contact with a cross-section of the Company's shareholders to ensure that the Group strategy takes due consideration of our shareholders' views.

During the year there were a number of meetings with significant shareholders and potential investors to ensure the Board was regularly appraised of shareholder sentiment. Monthly investor relations reports are distributed to the Board and considered at each Board meeting.

2018/19 KEY SHAREHOLDER ENGAGEMENTS

April 2018
Directors' Remuneration Policy consultation

June 2018
FY2018 Results

July 2018
Annual General Meeting 2018

Q1 FY2019 Interim management statement

September 2018
Q2 FY2019 Pre-close update

November 2018
H1 FY2019 Results

January 2019
Q3 FY2019 Interim management statement

Committee Chairman

Paul Wainscott

Other members
Sarah Ing
Clare Salmon

Meetings held
Four

Principal responsibilities of the Audit Committee

The Committee operates within the agreed terms of reference, which outline the key responsibilities of the Committee.

The Committee's full terms of reference can be found on the Group's website: www.cmcmarkets.com/group/committees.

Areas of focus in 2018/19

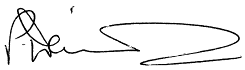
The main responsibilities during the year, as set out in the Code, were as follows:

- to monitor the integrity of the Financial Statements of the Group;
- to review and report to the Board on significant financial reporting issues and judgements;
- to assess the adequacy and effectiveness of the Group's internal control systems and report to the Board on any key findings;
- to review and approve the internal audit charter and internal audit annual plan;
- to review the findings of all internal audit reports, make recommendations as appropriate and monitor resolution plans;
- to review the performance of the internal audit function;
- to review and make recommendations to the Board on the effectiveness and independence of the Company's external auditors including appointment, reappointment and removal of the external auditors;
- to review the findings of the external auditors; and
- to ensure that the external audit contract is put out to tender at least once every ten years, or in accordance with regulatory requirements.

Dear shareholders

As Chairman of the Group Audit Committee (the "Committee") I am pleased to present the Group Audit Committee report.

The Committee is the independent Board Committee that assesses and has independent oversight of financial reporting and the effectiveness of internal control systems. This report summarises the activities, key responsibilities and future focus of the Committee.



Paul Wainscott
Senior Independent Director and
Chairman of the Group Audit Committee
5 June 2019

Composition and advisers

The Committee is chaired by Paul Wainscott with Sarah Ing and Clare Salmon as members. The Committee is considered independent to management and the members are all independent Non-Executive Directors.

The UK Corporate Governance Code requires the inclusion on the Committee of at least one member determined by the Board as having recent and relevant financial experience. The Committee Chairman is considered to continue to fulfil this requirement.

The Committee held four scheduled meetings during the financial year. The key activities and discussion points are outlined in the relevant section of this Committee report.

The Chief Executive Officer, Chief Operating and Financial Officer, Group Commercial Director, Group Head of Finance, Group Head of Tax and Client Asset Management and Group Head of Financial Crime and UK Money Laundering Reporting Officer attend Committee meetings by invitation. Representatives from PricewaterhouseCoopers LLP ("PwC"), the external auditors, and Grant Thornton LLP, the internal auditors, attend the Committee meetings by standing invitation.

The Group Chairman was invited to and attended all meetings.

Committee attendance is presented on page 49.

Statement of internal controls and internal audit

The Group's internal audit function is externally facilitated by Grant Thornton LLP. The internal audit function has a reporting line to the Committee and has direct access to the Committee Chairman and each Committee member. The Committee regularly reviews internal audit reports, follows up verification reports on any findings identified by internal audit, and annually approves the Internal Audit Plan and Charter.

During the year, the internal auditors presented the following reports to the Committee:

May 2018

- Internal Capital Adequacy Assessment Process ("ICAAP").

November 2018

- Transaction Reporting; and
- General Data Protection Regulation ("GDPR").

March 2019

- Security;
- Financial Crime; and
- Compliance.

The Committee approved the Internal Audit Plan for 2019, which includes reviews on:

- treating customers fairly and complaints;
- conduct and culture risk;
- market abuse compliance;
- Singapore;
- Australia stockbroking and
- Senior Managers and Certification Regime ("SM&CR") – deferred due to delayed implementation.

External auditors

The Committee considers the reappointment of the external auditors annually and such consideration includes review of the independence of the external auditors and assessment of the auditors' performance. As part of this review, the Committee agreed to recommend to the Board the reappointment of PricewaterhouseCoopers LLP as the Group's external auditors and a resolution to this effect will be put before the shareholders at the 2019 AGM. The current auditors have been in place for ten years.

The Committee, in line with Financial Reporting Council ("FRC") guidance, continues to review the qualification, expertise, resources, effectiveness and independence of the external auditors. Also in line with FRC guidance, the Committee reviews the appointment of staff from the external auditors to positions within the Group (when necessary) and meets with the external audit partner at least annually without Executive management present.

The Group's audit and other services fees are disclosed in note 8 of the Financial Statements. Other services fees include the controls opinion relating to the Group's processes and controls over client money segregation and compliance with The Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Non-audit services policy

The Group has a number of relationships with independent advisory and assurance firms which provide alternatives to using PricewaterhouseCoopers LLP. However, the Group continues to engage with PricewaterhouseCoopers LLP for a limited number of non-audit services during the year. For each engagement the auditors' independence has been considered by both the Group and PricewaterhouseCoopers LLP to ensure auditor independence would not be compromised. Non-audit-related fees provided by PricewaterhouseCoopers LLP are disclosed in note 8 of the Financial Statements.

In order to ensure compliance with the Ethical Standard issued by the FRC regarding the requirement for safeguarding independence of the external auditors, the Committee has in place a formal policy governing the engagement of the auditors to provide non-audit services, which was reviewed and reapproved in November 2018. The Committee received a non-audit services report for review and approval with the nature of expenditure categorised by discretionary/non-discretionary and incurred and proposed fees.

Priorities for financial year 2019/20

The Committee's focus will continue to be to ensure that all relevant accounting practices and disclosures are adhered to and that controls around these obligations are successfully embedded with a strong culture of disclosure and transparency. The Committee will closely monitor the delivery of the stockbroking partnership with ANZ Bank in Australia and review any newly required accounting practices and matters of judgement in recognition of this partnership.

There will be continued focus on internal systems of control and particular focus will be paid to the results of upcoming internal audits.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

At each meeting the Committee:

- receives a report from the Chief Operating and Financial Officer on the year-to-date financial performance of the Group;
- receives an update on current and planned internal audits and any internal audit issues highlighted in completed audit reports; and
- receives an update on significant accounting judgements.

May 2018

- Considered the year-end audit report presented by the external auditors and discussed the audit with the lead audit partner. In line with the Committee terms of reference the Committee met with the Group auditors without management or the Executive Directors present.
- Reviewed the Annual Report and Financial Statements, including the specific disclosures such as going concern, viability and risk management and internal controls reporting, for recommendation to the Board.
- Considered the results of the external auditors' reasonable assurance report on client money and collateral and limited assurance report on custody assets by the independent auditor to the Financial Conduct Authority in respect of the Group's two UK regulated entities, CMC Markets UK plc and CMC Spreadbet plc.
- Reviewed the annual report from the Money Laundering Reporting Officer ("MLRO").

July 2018

- Reviewed the detailed findings of the external auditors' evaluation.

November 2018

- Met with the internal auditors without management or the Executive Directors present in line with the Committee terms of reference.
- Considered the interim review report presented by the external auditors and discussed the review with the lead audit partner.
- Reviewed the interim results including consideration of going concern, viability and risk management and internal controls reporting, for recommendation to the Board and agreed the engagement letter, audit fee and audit plan for the external auditors. The review of internal controls included consideration of an internal fraud when concerns had been raised by a whistleblower. After presenting the sophistication of the fraud, it was concluded that adequate controls were in place and that it had no material impact, if any, on the Group's financial position.
- Considered the half year whistleblowing report.
- Reviewed the performance of the internal audit provider.

March 2019

- Considered the update on year-end audit presented by the external auditors.
- Reviewed the design and content update on the Annual Report and Financial Statements.
- Considered the significant accounting judgements made in finalising the Group accounts with a particular focus on recognition of deferred tax assets, the impact of the ANZ Bank white label stockbroking deal and the Going Concern judgement.
- Considered initiation of an external auditor re-tender.

Committee Chair
Sarah Ing

Other members	Meetings held
James Richards Clare Salmon Paul Wainscott	Five

Principal responsibilities of the Group Risk Committee

The main role and responsibilities of the Committee are:

- oversight of the Group's risk appetite and tolerance;
- review and recommendation of the Risk Appetite Statement and Risk Management Framework;
- provision of advice and recommendations to the Board to assist in Board decision making in relation to risk appetite and risk management;
- oversight of financial and liquidity risks including the responsibilities of the risk management function;
- review, challenge and recommendation to the Board with regard to ICAAP, ILAA and the Group CFP;
- oversight of, and recommendations to the Board on, current risk exposures and future risk strategy;
- review of the risks associated with proposed strategic transactions;
- review of the effectiveness of the Group's risk systems;
- approval of the annual Risk Plan;
- approval of the annual Compliance Plan; and
- review of risk taking by Directors and senior management as it impacts their remuneration incentives.

The Committee's full terms of reference can be found on the Group's website (www.cmcmarkets.com/group/committees).

The Committee has oversight of the Group's risk management processes as detailed on pages 36 to 43.

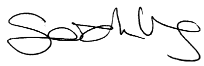
Dear shareholders

As the Chairman of the Group Risk Committee (the "Committee"), I am pleased to present the Group Risk Committee report.

The Committee assists the Board by providing oversight of the risk appetite and Risk Management Framework of the Group and takes an active role in advising the Board on the Group's risk strategy. The Committee reviews, challenges and recommends, if it sees fit, the Group's key processes and procedures including its Internal Capital Adequacy Assessment Process ("ICAAP"), Individual Liquidity Adequacy Assessment ("ILAA") and Group Contingency Funding Plan ("CFP"), which were reviewed and recommended for Board approval in November 2018. A key priority for the Committee is to ensure that a robust risk culture continues to be embedded across the business.

The Committee actively monitors and discusses the latest risk and regulatory developments affecting the Group.

Further information on the activities of the Committee and its priorities for the year ahead is provided in the following report.



Sarah Ing
Non-Executive Director and
Chair of the Group Risk Committee
5 June 2019

Composition
The Committee is chaired by Sarah Ing with James Richards, Clare Salmon and Paul Wainscott as members.

The Committee held five meetings during the financial year. The Chief Executive Officer, Chief Operating and Financial Officer, Group Commercial Director, Group Head of Risk and Head of Compliance attend Committee meetings by standing invitation. Representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration.

Committee attendance is presented on page 49.

Main activities during the financial year
The Committee has oversight and makes recommendations to the Board on current risk exposures and future risk appetite and strategy. The Committee reviews the risks associated with proposed strategic transactions and the effectiveness of risk mitigation and monitoring processes.

The Committee monitored the Group's top and emerging risks at each Committee meeting during the year. The Group's top and emerging risks are actively reviewed and discussed on a monthly basis by the Risk Management Committee ("RMC"), the Group's risk-focused management committee. Following RMC review and discussion, risk-related reports are provided to the Committee for independent oversight and challenge. The Committee routinely asks business leaders to present an overview of their risk management practice and receives updates on key issues and discussion points from the RMC. The Committee Chairman continues to be a regular attendee of the monthly RMC meetings.

Main activities during the financial year continued

During the year, the Committee discussed and reviewed risk-related reports, including the recommendation to the Board to adopt the Group Risk Management Framework 2018/19.

The Committee assessed the Risk Appetite Statement and recommended changes to include client interests and other updates to risk-related issues before obtaining approval by the Board. The Committee recommends the Group's ICAAP, ILAA and CFP to the Board for its approval.

The Committee received updates from the RMC and discussed management reports from the Group's risk departments including Financial Risk Management, Liquidity Risk Management, Operational Risk Management, Compliance, Financial Crime, Complaints Handling and Legal together with the output from the Client Money Review Group Committee and the Treating Customers Fairly and Conduct Committee.

Stockbroking partnership with ANZ Bank

Following the partnership, the Committee continued to review and challenge the status of the project implementation until the successful migration in September 2018 and thereafter.

During the year, the Committee received updated reports and considered the risks related to the integration of software, transfer of client data, processes, employee transition, technology implementation and integration, governance and other related matters.

People and culture

The Committee has challenged and approved initiatives to enhance conduct and culture and reviews risk taking by Directors and senior management as it impacts their remuneration incentives.

Risk management and internal controls

The Group continues to invest in risk management and internal controls and challenges the business to improve and enhance the Risk Management Framework.

Following an annual review undertaken in November 2018, the Committee was satisfied that the Group's risk management and internal controls were effective.

Regulatory compliance

The Committee continued to closely monitor global regulatory changes and the impact on the Group, in particular risks associated with the impact of the ESMA measures introduced in the year enacted by the European Securities and Markets Authority ("ESMA").

The Committee monitored the Group's MiFID II and EU General Data Protection Regulation ("GDPR") compliance, with a continued focus on cyber and data security and associated risks given the Group's online trading platform including the necessary changes in process.

Priorities for financial year 2019/20

Key priorities for the year ahead remain focused on continued enhancement of risk culture and frameworks across the business. The Committee will continue to take an active role in advising the Board on risk matters, particularly in relation to the current regulatory environment. The Committee closely monitors risks associated with regulatory change in line with the Group's approach as outlined in pages 36 to 43 of the Strategic report.

In addition to fulfilling the responsibilities outlined in its terms of reference, the Committee will:

- monitor the risks associated with regulatory change;
- monitor the Group's compliance with MiFID II regulations and its impact on the Group;
- monitor planning and process implementation for the FCA's Senior Managers and Certification Regime ("SM&CR") as it extends SM&CR to all Financial Services and Markets Act ("FSMA") authorised firms;
- review the Group's planning for, and implementation of, actions to mitigate the impact of Brexit and ensure that the Group remains compliant with regulations as we move towards the transitional period;
- monitor the Group's offering and the impact of any global regulatory action; and
- monitor the Group's response to FCA's Business Plan for the coming year and to its thematic reviews and focus areas, including culture.

Committee Chairman

James Richards

Other members	Meetings held
Paul Wainscott	Three
Sarah Ing	
Clare Salmon	

Principal responsibilities of the Nomination Committee

The Nomination Committee assists the Board by regularly reviewing the composition of the Board and Board Committees and follows a rigorous and transparent process when identifying potential candidates for appointment to the Board. The Committee oversees the annual Board and Board Committees performance evaluations and plays an active role in ensuring appropriate succession plans are in place for Board, senior management and other key roles across the business.

The Committee's full terms of reference are available on the Company's website (www.cmcmarkets.com/group/committees).

The main roles and responsibilities of the Committee are:

- to evaluate and review the structure, size and composition of the Board including the balance of skills, knowledge, experience and diversity of the Board while factoring in the Company's strategy, risk appetite and future development;
- to oversee the Board evaluation process and, in analysing the results of the evaluation, identify whether there are any skill gaps or opportunities to strengthen the Board;
- to identify and nominate suitable candidates for appointment to the Board, including chairmanship of the Board and its Committees, and appointment of the Senior Independent Director, against a specific role description and skill set required for the respective positions as identified under the regular reviews of the structure and composition of the Board;
- to assess the Board Directors' conflicts of interest;
- to assess the independence, time commitment and engagement of each of the Non-Executive Directors;
- to monitor the external interests of Non-Executive Directors, as part of the review of Non-Executive Directors' independence;
- to have oversight of succession plans for the appointment of Executive Directors and Non-Executive Directors; and
- to approve the report on the Committee's activities for inclusion in the Annual Report and Financial Statements of the Company.

Dear shareholders

As the Chairman of the Nomination Committee (the "Committee"), I am pleased to present the Nomination Committee report.

During the year ended 31 March 2019 the Committee reviewed and oversaw the Board and Board Committee evaluation process, having been deferred in 2017 due to the significant changes to the Board. The Committee will monitor and ensure progress is made on the actions arising from the evaluation process.

David Fineberg's promotion to Deputy Chief Executive Officer and Matthew Lewis' promotion to the Board is in line with succession plans. With Grant Foley, Chief Operating and Financial Officer stepping down, the search for a successor is underway.

Talent development to lay the foundations for succession planning will continue to be a key priority in the coming year.

Further information on the activities of the Committee and its priorities for the year ahead is provided in the following report.

James Richards

James Richards
Group Chairman and Chairman of the Nomination Committee
5 June 2019

Composition

The Committee is chaired by James Richards with Sarah Ing, Clare Salmon and Paul Wainscott as members. The Committee is considered independent to management.

The Committee held three meetings during the financial year. The Executive Directors attend Committee meetings by invitation.

Committee attendance is presented on page 49.

Board and Board Committee evaluation

The Committee oversaw a formal Board and Board Committee evaluation and discussed the results and the action plan for the coming year with the full Board present. It was agreed that good progress continued to be made and that the Board as a whole operated effectively with open debate and constructive challenge. Areas for improvement for the Board included the need to further evolve and mature, particularly in the context of being a company with a premium listing on the London Stock Exchange; in particular, further embedding the processes required of a listed company, Board ownership and involvement in setting strategy (following the development of the five-year strategic plan prior to listing), and building the interaction and relationships of Board members.

Each of the Board Committees were evaluated and it was concluded that both the Group Audit and Risk Committees were highly effective with excellent Executive support and very robust and high quality information provided in a timely manner for each Committee, which enabled constructive and open debate. Whilst deemed "fit for purpose", it was concluded that both the Nomination and Remuneration Committees could be more effective although there had been valuable improvements during the course of the year.

Succession planning and diversity

The Committee takes an active role in the succession planning of Board members. During the year, succession plans for the Executive Directors and senior management were reviewed.

The Committee regularly considers diversity, including gender, in its succession planning and works closely with the Remuneration Committee with regard to issues such as the gender pay gap.

It is committed to addressing this through a Board and senior management team comprising individuals from different backgrounds with diverse and relevant skills, knowledge, experience and perspectives.

The Committee carefully considers the benefits of diversity, including gender diversity, whilst ensuring that our obligation to shareholders to recruit the best individual for the role based on merit is fulfilled. The Board's Diversity Policy can be found on the CMC Markets plc Group website and gender diversity statistics are presented on page 28.

Priorities for the financial year 2019/20

The Committee will continue to focus on key themes such as diversity and succession planning and is committed to ensuring that further improvements to Board and Board Committee effectiveness are made following the evaluation carried out this year.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

May 2018
- Evaluation of individual Directors.
- Determination of annual re-election of Directors.

November 2018
- Establishing Board and Board Committee evaluation.
- Subsidiary Board membership.
- Succession planning for Executive Directors and the Senior Leadership Team.

March 2019
- Board and Board Committee evaluation results consideration.
- Director appraisals.

Committee Chair

Clare Salmon

Other members	Meetings held
Sarah Ing James Richards Paul Wainscott	10

Principal responsibilities of the Remuneration Committee

The Committee reviews and sets the remuneration of the Executive Directors within the parameters of the Directors' Remuneration Policy as approved by shareholders at the 2018 Annual General Meeting. The Committee is presented with and asked to review and approve the remuneration of senior management, ensuring it is consistent with the Directors' Remuneration Policy.

The main role and responsibilities of the Remuneration Committee are:

- to review, agree and approve an appropriate Directors' Remuneration Policy as well as wider remuneration policies for all employees which comply with relevant regulations.;
- to review and set the remuneration of the Executive Directors and approve the remuneration of the senior management team;
- to review and ensure that bonus payments to Executive Directors are linked to the achievement of agreed objectives using discretion where necessary;
- to ensure that remuneration incentivises and retains key employees including the Executive Directors and senior management;
- to ensure that Executive remuneration is linked to the delivery of the long-term success of the Company;
- to review and approve any major changes to employee benefit structures, including new share schemes, and ensure that shareholders are consulted and the required approval processes followed;
- to review the appropriateness of remuneration against the risk management strategy following advice from the Group Risk Committee; and
- to ensure all relevant regulations relating to Executive Directors' remuneration are adhered to.

Committee composition, attendance and advisers

The Committee is chaired by Clare Salmon with James Richards, Sarah Ing and Paul Wainscott as members.

The Committee held ten meetings during the financial year.

Committee attendance is presented on page 49.

The Committee was advised by Willis Towers Watson ("WTW"), whose continued appointment was reviewed by the Committee in September 2018 to advise the Committee on remuneration matters, including independent advice on the information and proposals presented to the Committee by Company Executives. WTW is a member of the Remuneration Consultants Group ("RCG") and is a signatory to the RCG's Code of Conduct. It was confirmed that none of the Committee members had any connection or conflicts of interest in regard to this appointment. Additional legal advice was sought from Tapestry Compliance Limited in respect of the Group's share-based plans, in particular the Combined Incentive Plan ("CIP") approved by shareholders at the 2018 AGM.

During the year, the Committee received support on remuneration matters from the Chief Executive Officer (in regard to Executive Directors' remuneration), the Chief Operating and Financial Officer, the Deputy Chief Executive Officer (in regard to members of the Executive Committee) and the Head of Compliance UK and Europe on specific bonus schemes for Group employees.

Remuneration Policy

The Directors' Remuneration Policy ("Policy") was approved by shareholders at the 2018 AGM as set out on pages 65 to 72.

The Committee carried out a thorough review of CMC's Directors' Remuneration Policy and following this, a new Policy was tabled and approved at the 2018 AGM.

Priorities for the financial year 2019/20

The Remuneration Committee will continue to monitor the appropriateness of the Executive Director and senior management remuneration. Shareholder feedback on the Directors' remuneration report will be considered as part of the ongoing role of the Committee along with performance-related pay and relevant remuneration policies that fall under the remit of the Committee.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

April 2018
- Considered the draft Directors Remuneration Policy ("Policy"), new Combined Incentive Plan ("CIP") term sheet and significant shareholder consultation letter.
- Annual Review of Directors Expenses Claims Policy.
- Formalised the structure and process of the 2018 performance review process.

May 2018
- Reviewed and considered shareholder feedback on the CIP and 2018 Policy.
- Reviewed and approved the Policy and draft Rules of the CIP for recommendation to the Group Board.
- Reviewed resolutions related to the Policy and CIP to be put to the 2018 AGM.
- Reviewed Executive Directors' and the senior leadership team performance against personal and strategic objectives.
- Approved the base pay increases and bonus pot allocation for Executive Directors and the senior leadership team, having regard to individual performance and the allocation and proposed usage of the bonus pool for other employees.
- Reviewed the draft FY19 Executive Directors' performance objectives.
- Reviewed the draft Directors' Remuneration Report to be included in the Annual Report and Financial Statements to 31 March 2018.

July 2018
- Considered the preliminary proxy voting (in conjunction with proxy agency and shareholder feedback) on the Remuneration related resolutions put to the 2018 AGM.
- Reviewed and recommended revisions to the Committee's Terms of Reference.
- Considered and approved re-worked Executive Directors' objectives to align with the CIP.

September 2018
- Noted the shareholder approval of the Policy and CIP and the significant minority vote against.
- Received an update on the Employee Engagement process.
- Reviewed performance of the external Remuneration Consultant.
- Reviewed Peter Cruddas' objectives.
- Received an update on the re-work of the senior leadership team's objectives to align with the CIP.
- Considered and approved re-worked Company Secretary objectives.

November 2018
- Approved Peter Cruddas' objectives.
- Considered the use and structure of bonus schemes for levels below the senior leadership team including Code and client facing staff.
- Approved pro-forma bonus scheme template for Code and client facing staff.
- Considered and approved a Group Remuneration Policy for all levels below the senior leadership team.

December 2018
- Considered and approved re-worked senior leadership team's objectives to align with the CIP.

January 2019
- Considered and approved a new bonus arrangement and amendments to an existing bonus arrangement for certain Code and client facing staff.
- Discussed Executive Directors' and senior leadership team performance in light of revised strategy.
- Discussed employee bonus pot accrual in light of the Group's poor performance.

February 2019
- Received a corporate governance and external environment update relating to the provisions of the 2018 UK Corporate Governance Code (the "Code") and the potential implications for the Committee.
- Considered the position of remuneration given the poor business performance and regulatory change.
- Reviewed the possible outcome scenarios for Executive Directors under the CIP in light of the poor business performance and requested review of compliance with the Code in advance of any formal awards under the scheme.

March 2019
- Considered legal advice on amendments to the CIP in order to ensure compliance with the Code and approved recommendation to the Board to amend the CIP.
- Considered possible outcome scenarios for the senior leadership team under the CIP.
- Considered Objectives for FY20.
- Reviewed initial output from the Employee Engagement survey.
- Reviewed the trends from the Gender Pay Gap report for the year to 5 April 2018.

Dear shareholders

I am pleased to present my Remuneration Committee ("Committee") report as Chair. This independent Board Committee has three key accountabilities. Firstly, it is responsible for assessing and setting Directors' remuneration, incentives and retention arrangements. Secondly, the Committee reviews and, if appropriate, approves senior management, Code staff (individuals whose professional activities have a material impact on the Group's risk profile) and client facing staff remuneration. The Committee also reviews other Group remuneration as required. This report summarises the outcomes of these activities and describes the future focus of the Committee over the coming year.

Remuneration Policy review

During the last financial year, the Committee faced significant challenges in aligning the Executive Directors' rewards with shareholders' interests. This was due to the Financial Conduct Authority publishing consultation paper CP16/40 "Enhancing conduct of business rules for firms providing contract for difference products to retail clients". This led to a sharp decline in CMC's share price, in common with our competitors, and hence the need to consider how best to motivate and retain key members of the team in light of this. With this in mind, the Remuneration Committee took the opportunity to review the Remuneration Policy to ensure that it aligned Executive Directors' interests with the Group's strategic objectives and shareholders' interests, and also that it continues to motivate and retain critical talent. Following this review, and after consultation with major shareholders, the Committee restructured the incentive arrangements to align better with the Group's strategy. The Committee proposed the revised Directors' Remuneration Policy which was approved at the Company's Annual General Meeting on 26 July 2018. The Committee noted the significant minority vote against the Directors Remuneration Policy and remained mindful throughout the year of comments made by major shareholders during the consultation process.

Overview of performance in the year ended 31 March 2019

The financial performance of the Group in 2019 has been very disappointing, due to the impact of regulatory change and particularly benign markets. This led to a significant fall in CFD and spreadbet revenues, overall net operating income 30% lower than the previous year at £130.8 million and profit before tax £53.8 million lower at £6.3 million.

Against the weak financial performance, the Group did make good strategic progress, in particular the stockbroking partnership with ANZ Bank was successfully implemented in September 2018, preparing for regulatory change and launching new products.

Implementation of Remuneration Policy during 2018/19

As indicated to shareholders ahead of the 2018 Annual General Meeting, once approved the 2018 Remuneration Policy was applicable for the year ended 31 March 2019. During the year, bonus payments were made under the Annual Incentive Plan and the final award of shares was made under the Long Term Incentive Plan.

Group financial, strategic and individual performance against targets for the 2019 financial year formed the basis on which the first combined incentive would be awarded. Accordingly during the year strategic and personal targets were re-worked and approved by the Committee in order to align with the Combined Incentive Plan.

The Combined Incentive Plan was assessed against Group financial, strategic and individual performance targets as follows:

- 60% based on financial performance;
- 30% based on strategic performance; and
- 10% based on achievement of personal objectives.

During the latter half of the financial year the Committee took the decision to review the Combined Incentive Plan against the new 2018 UK Corporate Governance Code (the "Code"). In order to ensure compliance with the new provision 37 of the Code, to avoid inappropriate formulaic outcomes, the Committee recommended to the Board (and the Board approved) procedural amendments to the Combined Incentive Plan. These amendments allow the Committee to use its discretion to override formulaic outcomes by a reduction of the value of either the Cash Award or Share Award, each independently, which would otherwise be granted as well as to allow the reduction of the extent to which a Share Award will Vest.

Implementation of Remuneration Policy during 2018/19 continued

Subsequent to the year end, the Committee assessed the performance of participants under the Combined Incentive Plan and determined the total Award of each of the Executive Directors and the senior leadership team. The Group failed to reach the threshold financial performance target set for the year of 7.56p diluted earnings per share, but Executive Directors managed to meet certain of their strategic targets including successful implementation of the stockbroking partnership with ANZ Bank, preparing the business for regulatory change and launching new products as well as personal targets under which the Executive Directors have performed well. Achievement of these strategic and personal objectives therefore led to the creation of a 40.5% Award of base salary for the CEO, Peter Cruddas and a 90% Award of base salary for the Deputy CEO, David Fineberg, which in accordance with the rules of the Combined Incentive Plan would have been comprised of a 45% Cash Award and a 55% Share Award. It should be noted that the Chief Operating and Financial Officer, Grant Foley having served notice of resignation on the Company in early April, was not considered for an Award under the Combined Incentive Plan in accordance with the rules.

Minded of comments made during the shareholder consultation process early in the year and given the poor financial performance of the Group in 2019 and the corresponding poor outcome for shareholders the Committee determined to utilise their discretion to avoid a formulaic outcome. The Committee unanimously agreed to reduce both the Cash Award and Share Award to zero.

Implementation of Remuneration Policy for 2019/20

The 2018 Remuneration Policy continues to be applicable for the year ended 31 March 2020. The Committee proposes to continue to use Group financial, strategic and individual performance against targets for the 2020 financial year as the basis on which the combined incentive will be awarded. It is anticipated that the performance measures applied to the combined incentive will be:

- 60% earnings per share;
- 30% strategic performance; and
- 10% personal objectives.

In relation to the EPS target, the Committee has ensured that a sufficiently stretching range has been set by taking account of a number of internal and external reference points and the impact of regulatory change. The target range will be disclosed in next year's Annual Report. With regard to the strategic and personal objectives, these will be evaluated based on quantitative measurable objectives in the significant majority of cases. A detailed disclosure of these quantitative performance measures and associated outcomes will be disclosed in the 2020 Annual Report and Accounts.

I hope you find the report helpful in understanding the challenges facing the Group in endeavouring to strike the right balance with remuneration in a challenging regulatory environment whilst still aligning remuneration with shareholder outcomes.

Clare Salmon
Non-Executive Director and
Chair of the Remuneration Committee
5 June 2019

Directors' Remuneration Policy

In 2018 the Board carried out a review of the Company's strategy, particularly in light of the evolving and challenging regulatory environment in which it operates. Following this review the Committee considered it was appropriate to restructure the existing incentive arrangements to better align with the Group's strategy.

Participants in the new plan will include the Executive Directors; however, the CEO will not participate in the share portion of the plan.

Policy table

The below table presents the key components of the proposed Remuneration Policy for the Executive Directors which will be put to a binding shareholder vote at the Annual General Meeting on 26 July 2018.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary To reflect the market value of the role and individual's experience, responsibility and contribution.	The policy is for base salary to be competitive. In making this assessment the Committee has regard for: • the individual's role, responsibilities and experience; • business performance and the external economic environment; • salary levels for similar roles at relevant comparators; and • salary increases across the Group payable in cash. Salaries are reviewed on an annual basis, with any increase normally taking effect from 1 April.	Executive Director salary increases will normally be in line with those awarded to the wider employee population. Increases may be above this level if (i) there is an increase in scale, scope or market comparability of the role and/or (ii) where an Executive Director has been promoted or has had a change in responsibilities. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant year's Remuneration report.	Business performance is considered in any adjustment to base salary.
Pension To provide competitive retirement benefits.	Executive Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu.	Up to 15% of salary.	Not applicable.
Share Incentive Plan ("SIP") To encourage broad employee share ownership.	In line with HMRC rules, Executive Directors are entitled to participate in the SIP on the same terms as other employees.	In line with HMRC permitted limits.	Not applicable.
Benefits To provide market competitive benefits.	Benefits include life insurance, permanent health insurance, private medical insurance, dental insurance, health screening/assessment, critical illness, interest-free season ticket loans, gym membership, eye tests, cycle to work, childcare vouchers, dining card, travel insurance, club membership and car allowance. Where appropriate, other benefits may be offered including, but not limited to, allowances for relocation and other expatriate benefits to perform his or her role.	Benefits may vary by role and individual circumstances and are reviewed periodically to ensure they remain competitive. The maximum value of the benefits is unlikely to exceed 10% of salary.	Not applicable.

Directors' Remuneration Policy continued

Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Combined incentive plan To ensure that incentives are fully aligned to the Group's strategy.	The value of an award will be determined based on performance achieved in the previous financial year against defined financial and strategic targets. Performance conditions and targets are reviewed prior to the start of the year to ensure they are appropriate and stretching and reinforce the business strategy. At the end of the year the Committee determines the extent to which these were achieved. The award will be delivered as follows: Cash award: 45% of the award will be settled in cash as soon as practicable following the financial year. Deferred Shares: 55% of the award will be deferred into shares for up to five years following the financial year. This portion of the award will vest subject to the achievement of a three-year performance underpin to ensure the deferred portion of the award is warranted based on sustained success. Subject to the achievement of the performance underpin, the Deferred Share portion of the award will vest pro-rata over a period of at least five years. It is anticipated this will be as follows: • 40% after three years; • 30% after four years; and • 30% after five years. Incentive awards are discretionary. Awards under the combined incentive plan are non-pensionable and are subject to malus and clawback for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, or any other circumstance the Committee considers appropriate.	Participants in the new plan will include the Executive Directors. However, the CEO will not participate in the Deferred Share element of the plan. Executive Directors (excluding CEO): Awards may be up to 300% of salary delivered as follows: • Cash award: 135% salary. • Deferred Shares: 165% salary. CEO: Awards may be made under the cash element of the plan only up to 135% of salary.	Performance is assessed against Group and individual performance measures as considered appropriate by the Committee. Financial performance will account for at least 60% of an award. It is anticipated that the performance measures applied in 2018/19 will be: • 60% financial: based on achievement of absolute earnings per share targets; • 30% strategic: based on the achievement of measurable objectives against targets on metrics including net promoter score, premium client growth, etc.; and • 10% personal objectives. The Deferred Share portion will vest subject to a performance underpin measured over a period of at least three years. The Committee will review Group performance over the relevant period, taking into account factors such as a) the Company's TSR performance, b) aggregate profit levels and c) any regulatory breaches during the period.

Further to shareholder approval of the new policy, the final award of the LTIP was granted to Executive Directors in 2018 and no further awards under the LTIP will be awarded to Executive Directors, albeit the Company reserves the right to make awards under the LTIP to facilitate external recruitment.

Directors’ Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
2015 Management Equity Plan (“LTIP”) To reinforce delivery of sustained long-term success, and align the interests of participants with those of shareholders.	LTIP awards may only be granted by the Remuneration Committee to facilitate external recruitment. Awards may consist of performance shares (nil cost options or conditional rights to receive shares) or market value options or a combination of the two. LTIP awards normally vest after three years. The Committee may extend the LTIP time horizon by introducing a holding period of up to two years, or by extending the vesting period, e.g. if regulations require. The number of performance shares and/or options vesting is dependent on the degree to which performance conditions attached to the LTIP award have been met over the performance period. Dividend equivalents may accrue on performance shares and be paid on those shares which vest. The award levels and performance conditions are reviewed in advance of grant to ensure they are appropriate. Awards under the LTIP are non-pensionable and are subject to malus and clawback provisions for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, or in any other circumstance the Committee considers appropriate.	Award which is a mix of shares and options that will have an economic value no higher than an award of 125% of salary in performance shares in normal circumstances and up to 200% of salary in exceptional circumstances. Vesting for threshold performance is up to 25% of maximum.	Awards vest subject to the Company’s performance and continued employment. The Committee has flexibility to adjust the performance measures and weightings in advance of each future cycle to ensure they continue to support delivery of the Company’s strategy. Over the term of this policy, performance will be predominantly dependent on financial, and/or share price-related measures. The Committee has flexibility to adjust downwards the formulaic outcome based on its assessment of underlying performance, and results being achieved within the Company’s risk appetite, over the performance period.

Notes to the policy table
In addition to the elements of remuneration detailed in the policy table, any historical awards or commitments described in this report which were made prior to, but due to be fulfilled after the approval and implementation of, the Remuneration Policy detailed in this report will be honoured.

Shareholding guidelines
Executive Directors are required to build up a holding of 200% of base annual salary. Executive Directors will be required to build up to this level over a period of five years, starting from the date of our listing in 2016 for the current Executive Directors and from appointment for any future recruits.

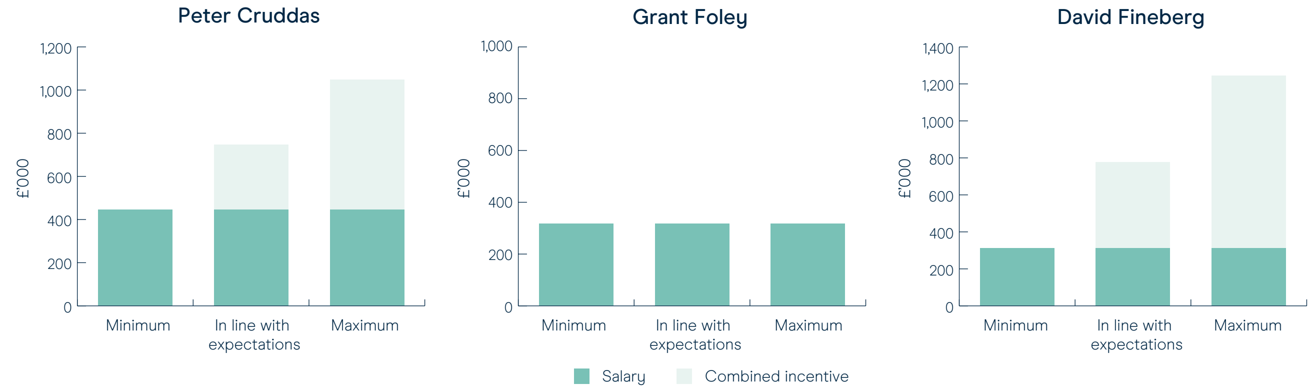
Dividend equivalents
Dividend equivalents are payable on the Deferred Share portion of the combined incentive.

Clawback and malus provisions
Awards under the plan will be subject to provisions that allow the Committee to withhold, reduce or require the repayment of awards after vesting if there is found to have been (a) material misstatement of the Company’s financial results, (b) gross misconduct on the part of the award holder, or (c) any other material event as the Committee considers appropriate.

Directors' Remuneration Policy continued

Executive Directors' remuneration scenarios

The charts below provide estimates of the potential future reward opportunity for each of the three Executive Directors, and the implied split between the different elements of remuneration under three different performance scenarios: "Threshold", "Target" and "Stretch".



Assumptions underlying each element of remuneration are provided in the table below.

Component		Threshold	Target	Stretch
Fixed	Base salary	Latest salary		
	Pension	Contribution applies to latest salary		
	Other benefits	As presented as a single figure on page 73		
Combined incentive		No payment	50% of maximum	100% of maximum

The projected value of the deferred element of the combined incentive excludes the impact of share price growth and any potential dividend accrual. Actual remuneration delivered, however, will be influenced by these factors. Deferred awards are subject to continuing employment.

The Company currently anticipates that Peter Cruddas will not participate in the Deferred Share element of the combined incentive plan or pension arrangements and so these elements are not included for him in the above chart.

Remuneration policy for new hires

In the case of hiring or appointing a new Executive Director, the Committee may make use of all the existing components of remuneration.

The salaries of new appointees will be determined by reference to their role and responsibilities, experience and skills, relevant market data, internal relativities and their current salaries. New appointees will be eligible to receive a pension contribution or allowance and benefits and participate in the Company's HMRC approved all-employee Share Incentive Plan, in line with the Remuneration Policy detailed above.

New appointees will be entitled to participate in the combined incentive plan, as described in the policy table above, with the relevant maximum being pro-rated to reflect the period served. The Deferred Share portion of a new appointees combined incentive award will normally vest on the same terms as other Executive Directors, as described in the policy table. Individual objectives will be tailored to the individual's role.

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the remuneration arrangements are appropriate and in the interests of the Company and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the policy and/or under the existing LTIP (MEP), for example to "buy out" incentive arrangements forfeited on leaving a previous employer, and may exercise the discretion available under Listing Rule 9.4.2 if necessary to secure the right candidate. In doing so, the Committee will ensure the value of any buyout will not exceed the expected value of awards forgone using a Black-Scholes or equivalent valuation method and, where applicable, take into account progress against any performance conditions attached to those awards and an assessment of the likelihood of those conditions being met.

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the policy as set out in the table on page 71.

Directors’ Remuneration Policy continued

Service contracts

The Executive Directors are employed under contracts of employment with CMC Markets UK plc. The principal terms of the Executive Directors’ service contracts are as follows:

Executive Director	Position	Effective date of contract	Notice period from Company	Notice period from Director
Peter Cruddas	Chief Executive Officer	1 February 2016	12 months	12 months
Grant Foley	Chief Operating and Financial Officer	1 February 2016	6 months	6 months
David Fineberg	Deputy Chief Executive Officer	1 February 2016	6 months	6 months

The terms shown in the table above are in line with the Company policy of operating notice periods of up to nine months in the case of Executive Directors, except for the CEO service contract which can have a notice period of up to 12 months. All employees including Executive Directors are subject to a six-month probation period.

Executive Directors’ contracts are available to view at the Company’s registered office.

Letters of appointment are provided to the Chairman and Non-Executive Directors. Non-Executive Directors have letters of appointment which means that they retire at each AGM and are put up for re-election at the AGM. Non-Executive Directors’ letters of appointment are available to view at the Company’s registered office.

Non-Executive Directors are all on a 3 month notice period, details of the effective date of Non-Executive Directors’ letters of appointment are set out below:

Non-Executive Director	Date of initial letter	Date of latest letter	Date of appointment
James Richards	25 January 2016	16 February 2018	1 April 2015
Sarah Ing	7 July 2017	7 July 2017	14 September 2017
Clare Salmon	19 July 2017	19 July 2017	2 October 2017
Paul Wainscott	11 July 2017	11 July 2017	19 October 2017

Exit payment policy

The Company considers termination payments on a case-by-case basis, taking into account relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. In such an event, the remuneration commitments in respect of Executive Directors’ contracts could amount to salary, benefits in kind and pension rights during the notice period, together with payment in lieu of any accrued but untaken holiday leave, if applicable.

If such circumstances were to arise, the Executive Director concerned would have no claim against the Company for damages or any other remedy in respect of the termination. The Committee would apply general principles of mitigation to any payment made to a departing Executive Director and would honour previous commitments as appropriate, considering each case on an individual basis.

The table below summarises how the awards under the Combined Incentive Plan, annual incentive and LTIP are typically treated in different leaver scenarios and on a change of control. The Committee retains discretion on determining “good leaver” status, but it typically defines a “good leaver” in circumstances such as retirement with agreement of the Board, ill health, injury or disability, death, statutory redundancy, or part of the business in which the individual is employed or engaged ceases to be a member of the Group. Final treatment is subject to the Committee’s discretion.

Event		Timing of vesting/award	Calculation of vesting/payment
Combined incentive	“Good leaver”	On normal vesting date (or earlier at the Committee’s discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	“Bad leaver”	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served, subject to the Remuneration Committee’s discretion otherwise.

Corporate governance

Directors' Remuneration Policy continued

Exit payment policy continued

Event		Timing of vesting/award	Calculation of vesting/payment
LTIP	"Good leaver"	On normal vesting date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	"Bad leaver"	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.

1 In certain circumstances, the Committee may determine that any Deferred Share awards under the annual incentive and both unvested and any deferred awards under the LTIP and combined incentive plan will not vest on a change of control and instead be replaced by an equivalent grant of a new award, as determined by the Committee, in the new company.

Upon exit or change of control, SIP awards will be treated in line with the approved plan rules.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. In addition, the Committee retains discretion to settle other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and, in which case, the individual is required to seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee takes into account the pay and employment conditions of employees across the Group. In particular, the Committee considers the range of base pay increases across the Company as a factor in determining the base salary increases for Executive Directors. The Committee does not consult with employees on the Executive Directors' Remuneration Policy nor does it use any remuneration comparison measurements.

Remuneration policy for other employees

CMC Markets' approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in the annual incentive, with targets appropriate to their organisational level and business area. Key senior managers are also eligible for LTIP awards to further support long-term alignment with shareholder interests. LTIP performance conditions are consistent for these employees, while award opportunities may vary by organisational level or business area.

It is envisaged that for the year ending 31 March 2019 and thereafter other senior Executives will also participate in the combined incentive plan.

Consideration of shareholder views

The Committee is committed to an ongoing dialogue on Directors' remuneration. It is the Remuneration Committee's intention to consult with major shareholders prior to any major changes to its Remuneration Policy.

Directors' Remuneration Policy continued

Group's remuneration policy for Chairman and Non-Executive Directors

The Board determines the remuneration policy and level of fees for the Non-Executive Directors, within the limits set out in the articles of association. The Remuneration Committee recommends the remuneration policy and level of fees for the Chairman of the Board. The Group's policy is:

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees To attract suitable individuals with a broad range of experience and skills to oversee shareholders' interests and Company strategy. Fees are set to reflect market value of the role and the individual's time commitment, responsibility, performance and contribution.	**Annual fee for the Chairman** Annual base fee for the Non-Executive Directors. Additional fees are paid to Non-Executive Directors for additional services such as chairing a Board Committee, performing the role of Senior Independent Director, etc. Fees are reviewed from time to time taking into account time commitment, responsibilities, and fees paid by companies of a similar size and complexity. Fee increases are applied in line with the outcome of the review. **Expenses** The Company may reimburse NEDs in cash for reasonable expenses incurred in carrying out their role.	Fee increases are applied in line with the outcome of the review. Aggregate fees will not exceed the limit approved by shareholders in the articles of association which is currently £750,000.	Not applicable.

Performance measurement selection

The Company's incentive plans are designed to incentivise the achievement of demanding financial and business-related objectives, using a balance of absolute and relative performance measures selected to support the Group's key strategic priorities.

The LTIP is designed to align the interests of our participants with the longer-term interests of the Company's shareholders by rewarding them for delivering sustained increases in shareholder value, within the Group's risk appetite. LTIP performance measures selected, reinforce the Group's strategy over the medium to long term, and provide a balance of internal and external perspectives, and between absolute and relative performance. The Committee has selected EPS as the primary measure as this is a well-accepted measure of bottom-line financial performance and is well aligned with shareholder interests. Inclusion of TSR provides direct alignment with shareholder interests, and achievement of strategic objectives reinforces delivery of the Company's strategy over the medium to long term. Performance measures and targets are reviewed by the Committee ahead of each grant to ensure they are appropriately stretching and achievable over the performance period.

The combined plan strengthens the alignment of pay with the measures of performance that are important in creating value for shareholders and also form a strong retention and motivation mechanism for Executives. The performance measures selected are a combination of financial performance, strategic performance and individual objectives. The achievement of these performance measures will be reviewed by the Committee ahead of any award and the vesting of share awards will be subject to the achievement of a performance underpin over the vesting period.

Directors' Remuneration Policy continued

Risk considerations

The Remuneration Policy is also designed to promote sound and effective risk management. The Remuneration Committee reviews and approves the Remuneration Policy for all employees, including for Material Risk Takers and senior risk and compliance employees, to help ensure pay arrangements encourage appropriate behaviour and compliance with the Company's risk appetite. For example, all employees receive a salary which reflects their market value, responsibilities and experience. An individual may only receive an annual incentive award if he/she operates within the risk appetite of the Company and has demonstrated appropriate behaviour. Key senior managers are eligible for consideration of LTIP awards, with any vesting based on performance over at least three years. The Committee has flexibility to adjust the formulaic outcome if the Company's recorded performance is not a genuine reflection of underlying business performance or if results were not achieved within the Company's risk appetite. Annual incentive awards are subject to malus and clawback for all LTIP participants in various circumstances, including a failure of risk management. The Chief Operating and Financial Officer is closely involved in the remuneration process to ensure that both Remuneration Policy and outcomes reinforce compliance with the Company's risk appetite, including reporting independently to the Committee at least annually on compliance with the risk appetite, on any notable risk events and on the behaviour of the Material Risk Takers.

Incentive plan discretions

The Committee will operate the Company's incentive plans according to their respective rules and the Policy set out above, and in accordance with relevant financial services regulations, the Listing Rules and HMRC rules where relevant.

In line with common market practice, the Committee retains discretion as to the operation and administration of these incentive plans, including:

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- the manner in which awards are settled;
- the choice of (and adjustment of) performance measures and targets in accordance with the Remuneration Policy set out above and the rules of each plan;
- in exceptional circumstances, amendment of any performance conditions applying to an award, provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in the event of a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

In addition during May 2019, the Remuneration Committee recommended and the Board adopted amendments to the Combined Incentive Plan to ensure alignment with the 2018 UK Corporate Governance Code by the inclusion of relevant clauses to ensure the Remuneration Committee are able to use their discretion to reduce the value of a Cash Award or the number of Shares to a Share Award or the extent to which a Share Award will Vest, to avoid an otherwise formulaic outcome.

Minor changes

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

Annual Report on Remuneration

The following section sets out the remuneration arrangements and outcomes for the year ended 31 March 2019, and how the Committee intends the Remuneration Policy to apply during the year ending 31 March 2020.

The following pages have been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and Rule 9.8.6 of the Listing Rules and will be put to an advisory shareholder vote at the Annual General Meeting on 25 July 2019.

Single total figure of Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Executive Director who served during the year ended 31 March 2019 and 31 March 2018.

Name	Year ended 31 March	Salary £'000	Benefits[1] £'000	Annual incentives[2] £'000	Long-term incentives £'000	Pension[3] £'000	Share Incentive Plan[4] £'000	Total £'000
Peter Cruddas	**2019**	**431.1**	**3.3**	**—**	**—**	**—**	**—**	**434.4**
	2018	420.2	3.3	422.3	—	—	—	845.8
Grant Foley	**2019**	**316.5**	**2.6**	**—**	**—**	**31.6**	**1.4**	**352.1**
	2018	304.5	2.5	310.0	—	30.4	2.7	650.1
David Fineberg	**2019**	**301.6**	**1.4**	**—**	**—**	**30.6**	**1.4**	**335.0**
	2018	286.8	1.3	295.0	—	28.7	2.7	614.5

1 Benefits: taxable value of benefits received in the year by Executive Directors comprise private health insurance and, in addition for the CEO, dental insurance.

2 Annual incentives for the year ending 31 March 2019: the total earned in respect of performance during the relevant financial year.

3 Pension: during the year ended 31 March 2019, Grant Foley and David Fineberg received a Company pension contribution of 10% of salary. Peter Cruddas opted out of the plan and no compensation was provided. None of the Executive Directors have a prospective right to a final salary pension by reference to years of qualifying service.

4 Share Incentive Plan: employees, including the Executive Directors, are entitled to participate in the SIP throughout the year; it allows employees and Directors to receive one matching share for every partnership share purchased under the SIP up to the limits defined by HMRC. In 2018/19, 1,682 matching shares were allocated to Grant Foley and 1,688 matching shares to David Fineberg, calculated by reference to the share price on 31/03/2019. In 2017/18, 1,594 matching shares were allocated to Grant Foley and 1,602 matching shares to David Fineberg, and calculated by reference to the share price on 31 March 2018. The free and matching shares will be forfeited if, within three years from the date of grant, the individual leaves employment in certain circumstances. Peter Cruddas does not currently participate in the plan.

Combined incentive plan for the year ended 31 March 2019 (audited)

During the year ended 31 March 2019 the Executive Directors participated in the Combined Incentive Plan with a maximum opportunity of up to 135% of salary for the CEO and up to 300% of salary for the Chief Operating and Financial Officer and the Deputy Chief Executive Officer.

In considering the combined incentive Cash Award and Share Award, together comprising the Award, due to the Executive Directors for the year ended 31 March 2019, the Committee reviewed Group earnings per share ('EPS') against targets over the period.

Group financial performance measure

Measure	Threshold	Target	Maximum	Actual
Group earnings per share ("EPS")	7.56	10.08	12.6	2.0

The Committee also considered the Group's strategic achievements during the year, which included the successful implementation of the ANZ Bank Stockbroking transaction on time and budget, preparing for regulatory change, and making improvements to the client on-boarding journey and experience. Finally the Committee reviewed each Executive Directors personal performance over the period. Grant Foley, Chief Operating and Financial Officer having served notice of resignation on the Company in early April was not considered for an Award under the Combined Incentive Plan in accordance with the rules.

Group strategic performance measures

Measure	Proportion of strategic measures %	Attainment %	Weighted outcome %
Revenue and Growth	20	0	0
ANZ Bank Stockbroking transaction	40	100	40
Regulatory change	20	100	20
New Products	20	33	7
	100		67

Annual Report on Remuneration continued

Combined incentive plan for the year ended 31 March 2019 (audited) continued

Personal performance measures

Measure	Proportion of personal measures %	Attainment %	Weighted outcome %
Develop Skills and knowledge	33	100	33
Culture	33	100	33
Talent and capability	34	100	34
	100		100

Consideration of the above matters determined the total potential award available to the Executive Directors, in accordance with the policy and the terms of the Combined Incentive Plan. Subsequently the Committee also considered:

- the overall Company performance over the period;
- whether individual behaviour over the period is reflective of the Group's culture and represents compliance with the Company's risk appetite; and
- if the formulaic outcomes were reflective of shareholders' experience over the period.

Although the Group continued to make strategic progress and the Executive Directors performed well against their personal objectives, due to the disappointing financial performance achieved in the year, the Committee determined that the formulaic outcome from the Combined Incentive Plan was not reflective of shareholder experience over the period. As a result, the Committee utilised the newly incorporated clauses in the Combined Incentive Plan, allowing avoidance of formulaic outcomes, and decided not to make a Cash Award or Share Award under the Combined Incentive Plan.

	Combined Incentive Outcomes								
	Total award			Cash award			Share award		
Individual	Award (as % max)	Award (% salary)	Award (£'000)	(% salary)	(£'000)	Cash Award (post discretionary reduction (£'000))	(% salary)	(£'000)	Share Award (post discretionary reduction (£'000))
Chief Executive Officer	30	40.5	175	40.5	175	—	—	—	—
Chief Operating and Financial Officer[1]	—	—	—	—	—	—	—	—	—
Group Commercial Director	30	90	272	40.5	122	—	49.5	150	—

1 Grant Foley, Chief Operating and Financial Officer having served notice of resignation on the Company in early April was not considered for an award under the Combined Incentive Plan.

Long Term Incentive Plan ("LTIP") (audited)

The table below outlines the LTIP awards granted to the Chief Operating and Financial Officer and Group Commercial Director in 2018/19 under the 2016 Remuneration Policy.

Director name	Date of award	Number of shares	Face value[1]	% of salary	Performance conditions	Performance period	% vesting at threshold
Grant Foley	5 July 2018	189,301	387,499	125	60% based on EPS; 30% based on TSR; and 10% based on NPS score	Three consecutive financial years ending 31 March 2021	25%
David Fineberg	5 July 2018	180,141	368,749	125			

1 Face value calculation is based on the share price of £2.047 on 5 July 2018 calculated as the average closing share price for the three prior days. Actual value at vesting may be greater or lesser depending on actual share price at vesting and as a result of any dividend equivalent payable on vested shares. The number of shares contributed to the plan account was based on a three-day average share price.

The Remuneration Policy approved at the 2016 AGM allows the Committee the discretion to award up to 200% of salary under the LTIP in exceptional circumstances.

Annual Report on Remuneration continued

Long Term Incentive Plan ("LTIP") (audited) continued

As noted in the prior year, final Awards were granted in July 2018 under the LTIP in the form of nil cost options and are subject to continued employment and satisfaction of the performance targets described below.

Performance will be measured over three years based 60% on cumulative diluted EPS growth, 30% on TSR relative to FTSE 250 constituent companies (excluding investment trusts) and 10% on customer satisfaction, based on net promoter score as independently assessed by Investment Trends across the Group's four main markets (UK, Australia, Germany and Singapore). The table below sets out the performance conditions applicable to these awards:

	Cumulative EPS target (60% weighting)	TSR relative to FTSE 250 constituents (30% weighting)	Net promoter score (10% weighting)
Threshold performance (25% vesting)	26.91p	Median	Above industry average
Stretch performance (full vesting)	44.86	Upper quartile	Upper quartile of industry

There will be straight-line vesting between these performance points.

Awards are subject to malus and clawback provisions for a seven-year period from award date.

2016 LTIP vesting

With respect to the LTIP awards granted on 24 November 2016, vesting is based 60% on Earnings Per Share ("EPS") growth, 30% on TSR and 10% on Net Promoter Score ("NPS"). The three-year performance period for these awards ended on 31 March 2019 with vesting on 13 September 2019, subject to continued employment. The Group failed to achieve the EPS threshold of 50.6 pence over the period and the TSR performance was also below the threshold. As a result vesting in respect of EPS and TSR performance is zero. In respect of NPS it is 8.4%, making a total award of 8.4%.

Implementation in 2019/20

Salary

With effect from 1 June 2019, the Executive Directors will receive a pay rise of 3% of salary, in line with the increase awarded across the Group. Grant Foley will receive no adjustment due to him serving notice of resignation on 2 April 2019.

Name	Role	Previous salary	Adjusted salary	Percentage change
Peter Cruddas	Chief Executive Officer	£432,858	£445,843	3%
Grant Foley	Chief Operating and Financial Officer	£317,750	£317,750	0%
David Fineberg	Deputy Chief Executive Officer	£302,375	£311,446	3%

Pension

Executive Directors will continue to receive a pension contribution of 10% of salary, or cash in lieu of pension (net of employer costs), with the exception of the CEO who does not currently participate in the scheme.

Share ownership and share interests

The Committee has adopted guidelines for Executive Directors and other senior Executives to encourage substantial long-term share ownership. Executive Directors are expected to build and hold shares of at least 200% of salary and to retain at least 50% of shares vesting (net of tax) until the guideline is achieved.

The table below shows the interests of the Directors and connected persons in shares and the extent to which CMC Markets' shareholding guidelines are achieved.

Name	Total share interests at 31 March 2018	**Total share interests at 31 March 2019**	**Total share interests 31 March 2019 as a % salary**	Requirement met	Unvested awards not subject to performance condition[2]	Unvested awards subject to performance conditions[3]
Executive Directors						
Peter Cruddas[1] (including shares held by spouse)	179,929,906	**174,149,738**	**33,433**	Yes	—	—
Grant Foley[2]	221,377	**228,640**	**59**	No	4,081	758,867
David Fineberg[2] (including shares held by spouse)	330,511	**337,847**	**92**	No	4,140	712,817

1 Fiona Cruddas transferred 2,890,084 shares to Annabel and Lucinda Cruddas respectively (daughters of Peter and Fiona Cruddas) during the year.

2 Grant Foley and David Fineberg have interests under the Share Incentive Plan subject to forfeiture for three years.

3 Awards under the LTIP as described on page 74 are nil cost options.

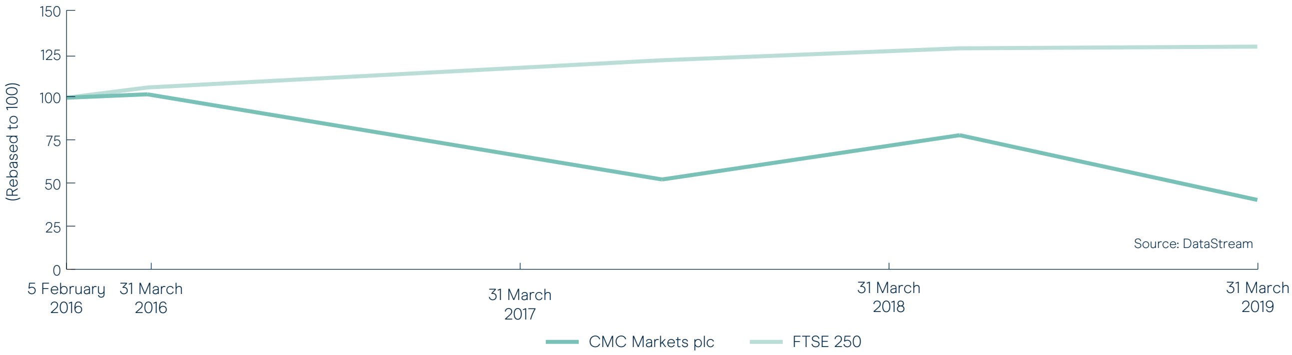
Grant Foley and David Fineberg have continued to participate in the Share Incentive Plan, each acquiring 180 and 189 matching shares and 180 and 189 partnership shares in April and May respectively.

Annual Report on Remuneration continued

Total shareholder return ("TSR") performance and CEO single figure

The below chart compares the total shareholder return ("TSR") of the Company against the FTSE 250 Index based on £100 invested at listing (5 February 2016). The FTSE 250 Index was originally selected as a relevant comparator as it included companies of a similar size and complexity to CMC Markets and the Company was a constituent of the Index. Although CMC Markets is no longer a constituent of this Index, it has been retained for comparison purposes for consistency with last year's report.

Total shareholder return



CEO pay history

Name	Year ended 31 March 2016[1]	Year ended 31 March 2017	Year ended 31 March 2018	**Year ended 31 March 2019**
CEO single figure of remuneration (£'000)	739.9	412.8	845.8	**434.4**
Annual incentive payout (as % of maximum)	100%	0%	83%	**0%**
Long-term incentives (as % of maximum)	Not applicable	Not applicable	Not applicable	**Not applicable**

1 CMC Markets listed on the London Stock Exchange on 5 February 2016; however the full-year single figure has been included here for the year ended 31 March 2016.

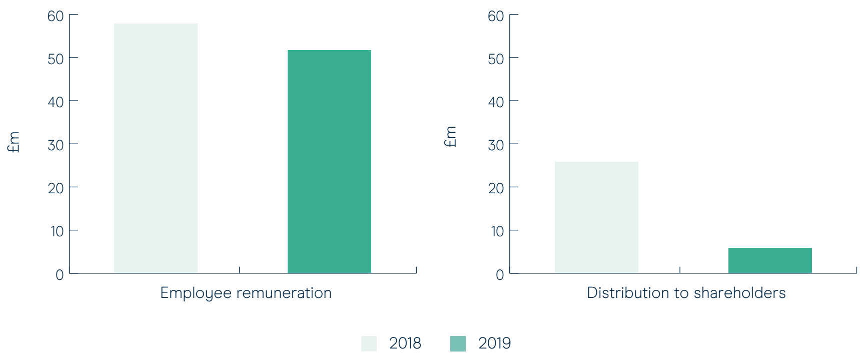
Percentage change in CEO remuneration

The table below shows the percentage change in salary, taxable benefits and annual incentive for the CEO, and the average for all employees within the Company.

CEO annual	**Year ended 31 March 2019 £'000**	Year ended 31 March 2018 £'000	Increase/ (decrease)	Average increase across all employees
Salary	**431.1**	420.2	2.5%	(2.1%)
Taxable benefits	**3.3**	3.3	0%	4.1%
Annual incentive	**—**	422.3	(100%)	(85.5%)

Relative importance of spend on pay

The chart below illustrates the Group's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2018 and 31 March 2019.



Annual Report on Remuneration continued

Dilution

The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes, compared to the relevant dilution limits set by the Investment Association in respect of all share plans (10% in any rolling ten-year period) and Executive share plans (5% in any rolling ten-year period).

Payments to past Directors and for loss of office (audited)

There were no payments to past Directors or for loss of office during the year.

Board changes

Departure of Grant Foley

As announced on 3 April 2019, Grant Foley, Chief Operating and Financial Officer, informed the Board of his intention to leave CMC to pursue other opportunities. No termination payments have been or will be made.

Grant will continue to receive fixed pay on a monthly basis during his limited period of employment and will not be eligible for a Combined Incentive Plan award in respect of 2018/19 or 2019/20. In accordance with the rules of the Management Equity Plan, Grant will be considered a Bad Leaver and accordingly all unvested LTIP awards lapsed on 2 April 2019.

Appointment of Matthew Lewis

Consistent with the April 2019 announcement, Matthew Lewis will join the Company Board subject to FCA approval.

Non-Executive Director remuneration

Remuneration for the year ending 31 March 2019 is unchanged and is as follows:

Role	£'000
Chairman fee	160.0
Non-Executive Director fee	60.0
Committee Chairman additional fee	10.0
Senior Independent Director additional fee	5.0

External appointments

It is the Board's policy to allow Executive Directors to take up external Non-Executive positions, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Only Peter Cruddas held any external appointments during the year ended 31 March 2019 and received no fees in relation to these appointments.

Single total figure of Non-Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Non-Executive Director who served during the year ended 31 March 2019 and 31 March 2018.

Remuneration comprises an annual fee for acting as a Chairman or Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chairman of the Audit, Risk or Remuneration Committees and Senior Independent Director.

Name	Year ended 31 March	Base fee £'000	Committee fee £'000	SID fee £'000	Benefits[1] £'000	Total[2] £'000
James Richards	**2019**	**160.0**	**—**	**—**	**—**	**160.0**
	2018	85.0	7.5	—	—	92.5
Paul Wainscott	**2019**	**60.0**	**10.0**	**5.0**	**2.5**	**77.5**
	2018	26.6	4.4	2.2	—	33.2
Clare Salmon	**2019**	**60.0**	**10.0**	**—**	**—**	**70.0**
	2018	30.0	5.0	—	—	35.0
Sarah Ing	**2019**	**60.0**	**10.0**	**—**	**—**	**70.0**
	2018	32.8	5.4	—	—	38.2

1 Non-Executive Directors are not entitled to benefits. Reimbursed expenses which are subject to tax via PAYE are included in the table above in the benefits column.

2 Non-Executive Directors are not entitled to receive share-based payments and no award of shares was granted to any NEDs during the period.

Annual Report on Remuneration continued

Non-Executive Director share ownership and share interests (audited)

The table below shows the interests of the Non-Executive Directors and connected persons in shares and the extent to which CMC Markets' shareholding guidelines are achieved.

Name	Ordinary Shares held at 31 March 2018	**Ordinary Shares held at 31 March 2019**
James Richards	—	**—**
Paul Wainscott	—	**—**
Clare Salmon	—	**13,051**
Sara Ing	—	**—**

The Remuneration Committee

During the year, the Committee sought internal support from the Executive Directors, who attended Committee meetings by invitation from the Chairman. Advice was sought on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No Director was present for any discussions that related directly to their own remuneration. The Company Secretary, Jonathan Bradshaw, or his deputy attends each meeting as Secretary to the Committee.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. Willis Towers Watson have continued to act as advisers to the Committee throughout the year. Willis Towers Watson are voluntary signatories to the Code of Conduct for Remuneration Consultants, which assures clients of independence and objectivity. Details of the Code can be found at www.remunerationconsultantsgroup.com. During the year, Willis Towers Watson provided independent advice on a range of remuneration matters including current market practice, benchmarking of Executive pay and incentive design. They provide no other services to the Company. The fees paid to Willis Towers Watson in respect of work carried out for the Committee for the year under review totalled £65,000. The Committee is comfortable that the advice it has received has been objective and independent.

Voting outcome for 2017/18 Remuneration Report at AGM

The Company AGM was held on 26 July 2018, where a revised Directors Remuneration Policy together with the Combined Incentive Plan was tabled. The Board recognised that a significant minority of shareholders voted against the Remuneration Policy and the Remuneration Committee have taken this into account in considering the outcome under the Combined Incentive Plan for the year ending 31 March 2019.

The result of the vote on these resolutions is set out below.

	Remuneration Policy (at 2018 AGM when the current policy was approved)		Remuneration report		Combined Incentive Plan	
	% of votes (excluding withheld)	Number of votes	% of votes (excluding withheld)	Number of votes	% of votes (excluding withheld)	Number of votes
For	78.03	201,826,156	84.46	218,457,117	83.49	215,970,122
Against	21.97	56,839,473	15.54	40,208,512	16.51	42,695,292
Total votes cast		258,665,629		258,665,629		258,665,414
Withheld[1]		1,979		1,979		2,194

1 A vote withheld is not a vote in law and so is not counted for the purposes of the calculation of the proportion of votes "for" and "against" a resolution.

REGULATED ENTITIES

CMC Markets entity	Financial services regulator(s)
CMC Markets UK plc	Financial Conduct Authority ("FCA"), UK
CMC Markets UK plc – European branches	FCA, UK
Italy CMC Markets UK plc Succursale di Milano	Commissione Nazionale per le Società e la Borsa ("CONSOB"), Italy
France CMC Markets UK plc France	Autorité des Marchés Financiers ("AMF") and Autorité de Controle Prudential et de resolution ("ACPR")
Germany Niederlassung Frankfurt am Main der CMC Markets UK plc	Bundesanstalt fűr Finanzdienstleistungsaufsicht ("BaFin"), Germany
Norway CMC Markets UK plc Filial Oslo	Finanstilsynet (The Financial Supervisory Authority of Norway)
Spain CMC Markets UK plc, Sucursal en España	Comisión Nacional del Mercado de Valores ("CNMV"), Spain
Sweden CMC Markets UK plc Filial Stockholm	Finansinspektionen (The Financial Supervisory Authority Sweden)
Poland CMC Markets UK plc Oddział w Warszawie	Komisja Nadzoru Finansowego (The Polish Financial Supervision Authority)
CMC Markets UK plc – representative office	
Beijing Representative Office of CMC Markets UK plc	China Banking and Regulatory Commission
CMC Spreadbet plc	FCA, UK
CMC Markets Asia Pacific Pty Ltd	Australian Securities and Investments Commission ("ASIC")
CMC Markets Stockbroking Ltd	ASIC and Australia Stock Exchange ("ASX")
CMC Markets Stockbroking Services Pty Ltd	ASIC and Australia Stock Exchange ("ASX")
CMC Markets Canada Inc (operating as Marchés CMC Canada in Quebec)	Investment Industry Regulatory Organization of Canada ("IIROC"), Autorité des Marchés Financiers ("AMF"), Ontario Securities Commission and British Columbia Securities Commission
CMC Markets NZ Ltd	Financial Markets Authority (New Zealand)
CMC Markets Singapore Pte Ltd	Monetary Authority of Singapore ("MAS")

The Corporate governance report can be found on pages 48 to 53 and, together with this report of which it forms part, fulfils the requirements of the Corporate governance statement for the purpose of the Disclosure and Transparency Rules ("DTR").

Going concern

Having given due consideration to the nature of the Group's business, the Directors consider that the Company and the Group are going concerns and the Financial Statements are prepared on that basis. This treatment reflects the reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future and the consideration of the various risks set out on pages 36 to 43 and financial risks described in note 28 to the Financial Statements.

Viability statement

In accordance with Provision C.2.2 of the Financial Reporting Council's UK Corporate Governance Code (the "Code"), the Directors have considered the Group's current financial position and future prospects and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

In reaching this conclusion, both the prospects and viability considerations have been assessed:

Prospects

- The Group's current financial position as outlined in the Strategic report (pages 2 to 43).
- The Group's business model: market conditions and regulatory change in the UK and Europe during the financial year have tested the business model. During the period the Group's risk management has been optimised and strategic initiatives have been refined. On this basis the Group continues to believe that it will continue to demonstrate delivery of sufficient cash generation to support operations.
- Assessment of prospects and assumptions: conservative expectations of future business prospects through delivery of the Group strategy (see pages 16 to 17) as presented to the Board through the budget process. The annual budget process consists of a detailed bottom-up process with a 12-month outlook which involves input from all relevant functional and regional heads. The process includes a collection of resource assumptions required to deliver the Group strategy and associated revenue impacts with consideration of key risks. This is used in conjunction with external assumptions such as a region-by-region review of the regulatory environment and incorporation of any anticipated regulatory changes as outlined in the Strategic report, to revenue modelling, market volatility, interest rates and industry growth which materially impact the business. The budget is used to set targets across the Group. The budgeting process also covers liquidity and capital planning and, in addition to the granular budget, a three-year outlook is prepared using assumptions on industry growth, the effects of regulatory change, revenue growth from strategic initiatives and cost growth required to support initiatives. The budget was reviewed and approved by the Board in March 2019.
- Ongoing review and monitoring of risks: these have been identified in the Group's Risk Appetite Statement, outlined in the Group's principal risks and uncertainties (pages 36 to 43) and monitored monthly by the Risk Management Committee, with review and challenge from the Group Risk Committee.

Viability

- Scenario stress testing: available liquidity and capital adequacy are central to understanding the Group's viability and therefore stress scenarios, such as adverse market conditions and adverse regulatory change, are therefore considered in the Group's Individual Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment documents, which are shared with the FCA on request. The results of the stress testing showed that, due to the robustness of the business, the Group would be able to withstand scenarios, including combined scenarios, over the financial planning period by taking management actions that have been identified within the scenario stress tests.

The Directors have considered that three years is an appropriate period over which to provide a viability statement as this is the longest period over which the Board reviews the success of strategic opportunities and this timeline is also aligned with the period over which internal stress testing occurs. The Directors have no reason to believe that the Group will not be viable over a longer period. But given the uncertainty involved, in particular of further regulatory change, they believe this period presents the readers of the Annual Report with a reasonable degree of confidence.

In addition to considering the above, the Group also monitors performance against pre-defined budget expectations and risk indicators, along with strategic progress updates, which provide early warning to the Board, allowing management action to be taken where required including the assessment of new opportunities.

Directors

All Directors with the exception of Grant Foley will seek re-election at the 2019 AGM on 25 July 2019. Following recommendation by the Nomination Committee, a Director may be appointed to the Board by the Board of Directors and will then be put forward at the following AGM for election by the shareholders. The Company's articles of association, available on the CMC Markets plc Group website, detail the appointment and removal process for Directors.

Directors' interests can be found in the Directors' remuneration report on page 75 and other directorships are disclosed on pages 46 to 47.

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

James Richards	Chairman
Paul Wainscott	Senior Independent Director
Peter Cruddas	Chief Executive Officer
David Fineberg	Deputy Chief Executive Officer
Grant Foley	Chief Operating and Financial Officer – resigned 2019
Sarah Ing	Non-Executive Director
Clare Salmon	Non-Executive Director

Directors' indemnities

As permitted by the articles of association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The Company also maintains appropriate insurance to cover Directors' and Officers' liability, which is assessed annually and approved by the Board. No amount was paid under the Directors' and Officers' liability insurance during the year.

Strategic report

The Companies Act 2006 requires the Group to prepare a Strategic report, which commences at the start of this Annual Report and Financial Statements up to page 43. The Strategic report includes information on the Group's operations and business model, review of the business throughout the year, anticipated future developments, key performance indicators and principal risks and uncertainties. The use of financial instruments is included in the report and further covered under note 27 to the consolidated Financial Statements on page 126. The Group's vision is to be a global provider of online retail financial services complete with a complete professional and institutional offering. Its strategic objective is to provide superior shareholder returns through the consistent and sustainable delivery of growth in revenue and improvement to operating margins through operational excellence including product innovation, technology and service. The strategic objectives to achieve this are also set out in the Strategic report.

Dividends

On 5 June 2019, the Board recommended a final dividend of 0.68 pence per Ordinary Share in respect of the full financial year ended 31 March 2019, subject to shareholder approval at the 2019 AGM. Further information on dividends is shown in note 11 of the Financial Statements and is incorporated into this report by reference.

Share capital

The Company's share capital comprises Ordinary Shares of 25 pence each and Deferred Shares of 25 pence each. At 31 March 2019, there were 289,091,700 Ordinary and 2,478,086 Deferred Shares in issue.

Further information about share capital can be found in note 23 of the Financial Statements.

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per share at meetings of the Company. All Ordinary Shares in issue in the Company rank equally and carry the same voting rights and the same rights to receive dividends and other distributions declared or paid by the Company.

Deferred Shares

The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares have no rights to dividends and, on a return of assets in a winding-up, entitle the holder only to the repayment of the amounts paid upon such shares. The Deferred Shares may be purchased at nominal value at the option of the Company by notice in writing served on the holder of the Deferred Shares. No application has been made or is currently intended to be made for the Deferred Shares to be admitted to the Official List or to trade on the London Stock Exchange or any other investment exchange.

Share capital and Directors' powers

The powers of the Directors, including in relation to the issue or buyback of the Company's shares, are set out in the Companies Act 2006 and the Company's constitution. The Directors were granted authority to issue and allot shares and to buy back shares at the 2018 AGM.

Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2019 AGM.

The Company did not repurchase any of the issued Ordinary Shares during the year and up to the date of this report.

Controlling Shareholder Disclosure

The Company entered into a Relationship Agreement with Peter and Fiona Cruddas (the "Controlling Shareholders") on 26 January 2016, the terms of which came into force on listing the Company to trade on the Main Market of the London Stock Exchange. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independent of the Controlling Shareholders and their associates, that transactions and relationships with the Controlling Shareholders and their associates are at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules) and to ensure the Controlling Shareholders do not take any action that would prevent the Company from complying with, or circumvent, the Listing Rules. The Relationship Agreement will stay in effect until the earlier of: (i) the Controlling Shareholders ceasing to own in aggregate an interest in at least 10% or more of the shares in the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time); or (ii) the shares ceasing to be listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's Main Market for listed securities.

Significant contracts and change of control

The Company has a large number of contractual arrangements which it believes are essential to the business of the Company. These can be split into three main categories, which are a committed bank facility, prime broker arrangements, and market data and technology contracts. A change of control of the Company may cause the committed bank facility to terminate should the Controlling Shareholders' holding reduce to below 51%.

Statutory information contained elsewhere in the report

Information required to be part of this Directors' report can be found elsewhere in the Annual Report as indicated below:

Information	Location in Annual Report
Employees (employment of disabled persons and employee engagement)	Page 28
Disclosure of overseas branches	Page 79
Employee share schemes	Note 29, Pages 135 to 137
Financial risk management	Note 28, Pages 128 to 135
Likely future developments	Pages 16 to 17
Directors' interests	Page 75
Related party transactions	Note 31, Page 138

Disclosure table pursuant to Listing Rule LR 9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by Group.	None.
9.8.4(2)	Unaudited financial information (LR 9.2.18R).	None.
9.8.4(4)	Long-term incentive scheme information involving Board Directors (LR 9.4.3R).	Details can be found on page 74 of the Directors' remuneration report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a controlling shareholder.	None.
9.8.4(11)	Contracts for the provision of services by a controlling shareholder.	None.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(14)	Agreement with controlling shareholder.	See Controlling Shareholder Disclosure on page 82 of the Directors' report.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTR is published via a Regulatory Information Service. As at 31 March 2019, the Company has been notified under DTR Rule 5 of the interests as set out below in its issued share capital. All such share capital has the right to vote at general meetings.

Shareholder As at 31 March 2019	Ordinary Shares held	% of voting rights
Peter Andrew Cruddas	165,155,374	57.13
Schroder Investment Mgt	17,666,972	6.11
J O Hambro Capital Management	15,088,282	5.22
Aberforth Partners	9,505,910	3.29
Fiona Jane Cruddas	8,994,364	3.11

In the period from 31 March 2019 to the date of this report, the Company has received notification from Schroders plc (Schroder Investment Mgt) indicating that it is holding 14,523,336 Ordinary Shares representing 5.024% of the total voting rights attached to the issued share capital.

The shareholdings of CMC Markets plc Directors are listed within the Directors' remuneration report.

Articles of association

Any amendments to the Company's articles of association may only be made by passing a special resolution at a general meeting of the shareholders of the Company.

Research and development

The Group continues to invest in the development of the Next Generation platforms and stockbroking platforms in addition to maintaining existing infrastructure with considerable effort applied by the technical and software development teams. In addition, the Group has capitalised development costs relating to the ANZ Bank stockbroking implementation. During the year development expenditure amounting to £2.7 million has been capitalised (2018: £2.9 million).

Our environmental impact

The Group is committed to managing our environmental impact and are fully aware that by considering the environment in our decision making, particularly around technology adoption, we can have a beneficial impact on the Group's performance. Our key environmental impacts are from running our global offices and business travel. For the purpose of this report we are disclosing our Scope 1 and 2 global emissions in accordance with the Environmental Reporting Guidelines as issued by the Department for Environment, Food & Rural Affairs ("DEFRA") and the Department for Business, Energy & Industrial Strategy ("BEIS").

The running of our two UK data centres accounts for the majority of the Group's electricity usage, and we continue to look for opportunities to improve their efficiency and performance; this has been the main driver of the reduction in total emissions in the year ended 31 March 2019. During the year despite the move to a materially larger office in Sydney, emissions have reduced. However, the intensity ratio has increased due to a fall in net operating income.

We are also mindful of the environmental impact of each of our global offices and have a clear preference for energy efficient rated office buildings.

In addition, we have well-established waste management initiatives in place to effectively reduce our carbon footprint, including management and reduction of waste, which have been implemented across the organisation. During the year we have introduced reusable cups for all employees in the UK and Australian offices. This will eliminate our annual paper cup consumption by approximately 250,000 per year and we will be rolling out reusable cups across the remainder of the Group. In addition, we recycle all paper, cardboard waste, aluminium cans and plastics and also operate a managed print solution to help control paper usage. We use a registered waste disposal contractor for their strict compliance with relevant waste legislation.

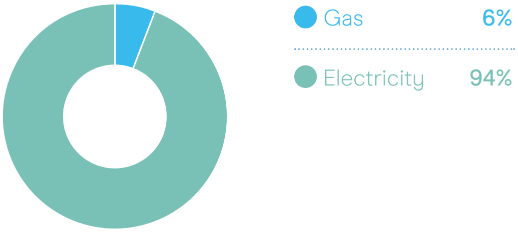
Basis of preparation

Greenhouse gas emissions are calculated in alignment with records used for the production of the consolidated Financial Statements for the relevant accounting period. We have used emission factors from BEIS's "Greenhouse gas reporting: conversion factors 2018" to calculate our Scope 1 emissions and have determined the Scope 2 electricity impacts for electricity from the International Energy Agency ("IEA") emission factors. All emissions required under the Companies Act 2006 are included except where stated and include Scope 1 (direct emissions from gas consumption) and Scope 2 (indirect emissions from purchased electricity) emissions but exclude Scope 3 (other emissions from business travel and waste) emissions. Diesel usage for backup generators at one office location has been excluded from the report given that it is not material to our carbon emissions. The figures include emissions from all global offices.

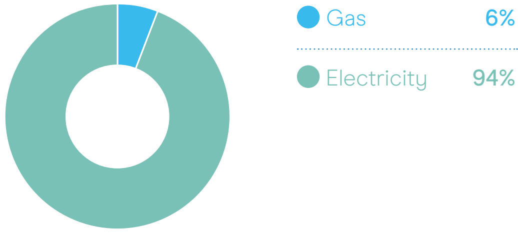
Mandatory greenhouse gas emissions report by scope

GROUP	Unit	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2015 (Base year)
Scope 1				
Gas consumption	tCO_2e	**104.8**	104.9	108.4
Scope 2				
Electricity consumption	tCO_2e	**1,587.8**	1,701.2	3,452.0
Total global emissions	tCO_2e	**1,692.5**	1,806.1	3,560.4
Net operating income	£m	**130.7**	187.1	143.6
Intensity ratio (total global emissions/net operating income)	tCO_2e/£m	**12.9**	9.7	24.8

Total emissions (tCO_2e)
Year ended 31 March 2019



Total emissions (tCO_2e)
Year ended 31 March 2018



Directors' statement as to disclosure of information to auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to Section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP acted as auditors throughout the year. In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions proposing the reappointment of PricewaterhouseCoopers LLP as the Company's auditors and authorising the Directors to determine the auditors' remuneration will be put to the 2019 AGM.

Political donations

No political donations were made by the Company during the year.

Corporate jet

The Group did not maintain or have use of a corporate jet in the reporting period.

Annual General Meeting

The 2019 AGM is to be held at 133 Houndsditch, London EC3A 7BX, at 10.00 am on Thursday 25 July 2019.

Due to the above Controlling Shareholder Disclosure, the independent shareholders' voting results on the re-election of independent Non-Executive Directors will be disclosed when the voting results are published. Should the required percentage of the independent shareholders' vote to approve re-election not be achieved, then a further vote will be held at a subsequent general meeting within the prescribed time period.

Statement of Directors’ responsibilities

The Directors are responsible for preparing the Strategic report, the Directors’ report and the Financial Statements in accordance with applicable law and regulations. As a listed company within the European Union, the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the EU. The Directors have elected to prepare the parent company Financial Statements in accordance with the Companies Act 2006 and IFRSs as adopted by the EU.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group Financial Statements, provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s financial position and performance;
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the Financial Statements; and
- in respect of the parent company Financial Statements, state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Financial Statements, and prepare the Financial Statements on a going concern basis, unless they consider that to be inappropriate.

The Directors confirm that the Financial Statements comply with the above requirements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and, as regards the Group Financial Statements, article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibilities statement

We confirm that to the best of our knowledge:

- the Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group;
- the Strategic report contained in this Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Annual Report was approved by the Board on 5 June 2019.

By order of the Board

Jonathan Bradshaw
Company Secretary
5 June 2019

CMC Markets plc
Registered number: 05145017

A diversified platform offering

CMC Markets continues to invest in its Next Generation CFD and spread bet trading platform and stockbroking Pro and standard platform.
The CFD and spread bet platform offers around 10,000 products and recent updates include new watchlist views, enhanced charting and a multi-interval chart feature. The stockbroking platform has gone through a large number of enhancements during the year as part of the investment in the ANZ Bank white label stockbroking partnership, which include international share trading, an expanded online options product and our first white label mobile app.

CMC's CFD and stockbroking platforms are available across desktop, tablet and mobile apps, offering clients flexibility in how they access the financial markets.

INDEPENDENT AUDITORS' REPORT

To the members of CMC Markets plc and its subsidiaries (collectively the "Group")

Report on the audit of the Financial Statements

Opinion

In our opinion, CMC Markets plc and its subsidiaries (collectively the "Group") Financial Statements and parent company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2019 and of the Group's profit and the Group's and the parent company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and parent company Statements of Financial Position as at 31 March 2019; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statements of Cash Flows, and the Consolidated and parent company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the Group or the parent company in the period from 1 April 2018 to 31 March 2019.

Our audit approach

Overview

Materiality	• Overall Group materiality: £1.65m (2018: £3.0m), based on 1% of revenue. • Overall parent company materiality: £1.5m (2018: £2.5m), based on 1% of net assets.
Audit Scope	Group: • The Group consists of a UK holding company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories. • We determined the appropriate work to perform based on the consolidated balances of the Group. The majority of the audit work was performed by the Group audit team in London. Given the heightened risk around the implementation of the ANZ Bank white label stockbroking partnership, a full scope audit was also performed by PwC Australia on the following three entities which we have scoped in as significant components: CMC Markets Stockbroking Ltd, CMC Markets Group Australia Pty Ltd, and CMC Markets Asia Pacific Pty Ltd. • Accounts comprising 99% of consolidated net operating income, 86% of consolidated operating profit and 93% of consolidated profit before tax fell within the scope of our audit procedures. Balances within the scope of our audit contribute 87% to Group total assets. Parent: • The parent company balance sheet consists of investment in subsidiaries, receivables, payables and cash. The audit work thereon was performed by the Group audit team in London.
Key audit matters	• Recoverability of deferred tax assets (Group). • The appropriateness of management's judgements regarding going concern (Group). • The implementation of the ANZ Bank white label stockbroking partnership (Group). • Measurement of investment in subsidiaries (parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Financial Statements, including but not limited to, the Companies Act 2006, and the Financial Conduct Authority's Client Asset Sourcebook. Our tests included, but were not limited to, a review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the Financial Statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax assets – Group The recognition of deferred tax assets is complex and often subjective. There are substantial historic tax losses in Australia giving rise to a material deferred tax asset. The extent of recognition of this asset depends on a judgement surrounding forecast profitability. These forecasts include future profits from the implementation of the ANZ Bank white label stockbroking partnership, which are highly judgemental.	To address the risk associated with the recoverability of deferred tax assets we identified key assumptions made by management in relation to the future taxable profits to be earned in the Australia business and the period over which these profits could be reasonably foreseen. We evaluated these assumptions by: • assessing the growth rates used to forecast revenue and costs, comparing it to growth rates used for budgeting and historic growth rates. We also considered the impact of the implementation of the ANZ Bank white label stockbroking partnership on the stockbroking business in Australia; • assessing the accuracy of forecasting processes by comparing the forecast profit for the current year (from the prior year forecast) to actual profit for the current year; • assessing the period over which profits are deemed to be reasonably foreseeable and comparing this period to other forecasting periods used by the Group; and • considering whether current Australian tax legislation could impact the degree to which losses could be recognised in the future. We have also agreed the tax rate used to calculate the deferred tax asset to the substantively enacted rate, and tested the mathematical accuracy of the forecast and the deferred tax calculation. As a result of these procedures, we concluded that the basis on which the tax losses have been recognised is appropriate.

Report on the audit of the Financial Statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
The appropriateness of management's judgements regarding going concern – Group The implementation of the new ESMA regulations and challenging market conditions during the year have had a significant impact on the Group's financial performance. While the implementation of the ANZ Bank white label stockbroking partnership has the impact of diversifying the revenue base and hence mitigating, to a degree, the risk of volatility in revenue streams, the deterioration in trading results this year has caused an increased focus on the going concern status of the Group.	To address the risk associated with the appropriateness of management's judgements regarding going concern, we have reviewed management's going concern assessment for the Group, covering a period of twelve months following approval of the financial statements. We have performed the following procedures: • We have tested the base case monthly EBITDA forecast performed by management by examining the underlying revenue and cost forecasts. We tested the growth rates used, taking into account future industry wide factors which could impact the business and underlying assumptions used by management in their forecasts. • We also assessed the accuracy of forecasting processes by comparing the forecast profits for the current year and previous years to actual profits earned in those years. • We have also tested the liquidity forecast which supports management's going concern assessment. • We have evaluated the stress testing scenarios applied by management by considering the key assumptions used in their analyses and whether they appear reasonable. • We have further challenged the severity of the stress testing scenarios by comparing against industry wide factors impacting the business and assessing whether management has taken account of further potential downsides to the business. • We have also considered the Group's Individual Liquidity Adequacy Assessment and management's Contingent Funding Plan which outlines management's short and long term action plan should minimum liquidity requirements be breached. As a result of these procedures, we agreed that it was appropriate to prepare the Financial Statements on a going concern basis
The implementation of the ANZ Bank white label stockbroking partnership – Group The volume of stockbroking transactions being handled by CMC Australia has increased significantly following implementation of the ANZ Bank white label stockbroking partnership. Additionally, local management has had to deal with an increased level of complexity in the daily operational management of the business. As a result, there is a heightened risk of weaknesses and breakdown in internal control, which could in turn increases the risk of material misstatements in the financial statements.	To address the risk to the control environment associated with the implementation of the ANZ Bank white label stockbroking partnership, we have performed the following procedures: • We performed detailed end-to-end walkthroughs of the stockbroking business processes to assess the design effectiveness of key controls identified. • We also recalculated the revenue accrued for a sample of stockbroking transactions based on the terms agreed in the revenue sharing agreement with ANZ. Based on the procedures performed, we did not identify any significant deterioration in the control environment as a result of the implementation of the ANZ Bank white label stockbroking partnership.

Report on the audit of the Financial Statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Measurement of investment in subsidiaries – Parent The parent company has a number of significant investments in subsidiaries. The determination as to whether there are indications that the carrying value of these investments may be impaired depends on judgement. This judgement needs to take account of events or changes which have occurred within the subsidiaries and their affiliates, the industry, or the economy. Any such events could indicate that the carrying value of one or more of the subsidiaries could be impaired. Where impairment indicators are identified, the need to record an impairment must be assessed by comparing the recoverable amount of an investment to its carrying value. The calculation of the recoverable amount is subjective and depends on the exercise of judgement.	To address the risk associated with the carrying value of these investments being measured incorrectly we performed the following procedures: • We evaluated management's assessment as to whether any impairment indicators existed; • We assessed the methods used by management to determine the recoverable amount of any investments where impairment indicators existed; • We compared the assumptions used in determining recoverable amounts to corroborating evidence; • We evaluated the mathematical accuracy of the calculations of those recoverable amounts; and • We compared the carrying value to the recoverable amounts in order to assess management's conclusions that no impairments needed to be recorded. The above procedures were performed with no exceptions noted.

How we tailored the audit scope

CMC Markets plc is an online retail financial services business that provides its clients with online and mobile financial spread betting (UK and Ireland only) and contract for difference (CFD) trading platforms. CMC Markets plc is a global company with significant operations in the UK, Europe and Asia Pacific. The Group also has a stockbroking offering in Australia.

The Group consists of a UK holding company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories. The accounting records for both the UK and the overseas businesses are primarily maintained and controlled by the UK finance team in London.

We determined the appropriate work to perform based on the consolidation schedules of the Group setting out balances and accounts which aggregate to the Group totals, the areas of focus as noted above, known or historical accounting issues and the need to include some unpredictability in our audit procedures.

As a result of our scoping, we concluded that the following UK legal entities: CMC Markets Plc, CMC Markets UK Plc, CMC Markets UK Holdings Ltd, CMC Spreadbet plc and CMC Markets Overseas Holdings Ltd were material components and therefore we performed a full scope audit of these entities. In addition, the Group audit team in London performed certain substantive testing that covered all spread betting and CFD revenue accounts. As a result, the majority of the audit work was performed by the Group audit team in London. Given the heightened risk around the implementation of the ANZ Bank white label stockbroking partnership and increased share of stockbroking revenue, a full scope audit was also performed by PwC Australia on the following legal entities: CMC Markets Stockbroking Ltd, CMC Markets Group Australia Pty Ltd and CMC Markets Asia Pacific Pty Ltd.

Report on the audit of the Financial Statements continued

Our audit approach continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent company Financial Statements
Overall materiality	£1.65m (2018: £3.0m)	£1.5m (2018: £1.65m)
How we determined it	1% of revenue	1% of net assets
Rationale for benchmark applied	Given the significant reduction in the Group’s profits compared to the prior year, we considered materiality in different ways, including: • the methodology we used in the prior year, namely 5% of profit before tax. This would have resulted in an indicative overall materiality of £315k; and • our standard benchmark of 1% applied to total revenue. This would result in an overall materiality of £1.65m. In our professional judgement, we concluded that the operational gearing of the Group, with a high level of costs fixed in the short term, means that reported profits are highly sensitive to movements in trading volumes. Consequently, we have re-assessed our benchmark for materiality and concluded that revenue, which is driven by the volume of trading, is a better indicator of the ‘size’ of the business and is, therefore, a better benchmark to determine materiality levels.	We have used net assets as the materiality benchmark as the parent company of the Group primarily holds investments in its underlying subsidiaries. This is consistent with the benchmark used in the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £33k and £1.5 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £82,500 (Group audit) (2018: £150,000) and £75,000 (parent company audit) (2018: £82,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors’ statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors’ identification of any material uncertainties to the Group’s and the parent company’s ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to, in addition to the key audit matter around the appropriateness of management’s judgements regarding going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group’s and parent company’s ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group’s trade, customers, suppliers and the wider economy.
We are required to report if the Directors’ statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Report on the audit of the Financial Statements continued

Our audit approach continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 37 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 80 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 87, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 55 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

INDEPENDENT AUDITORS' REPORT continued

To the members of CMC Markets plc

Report on the audit of the Financial Statements continued

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' responsibilities set out on page 86, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the parent company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 29 October 2009 to audit the Financial Statements for the year ended 31 March 2010 and subsequent financial periods. The period of total uninterrupted engagement is ten years, covering the years ended 31 March 2010 to 31 March 2019.

Gilly Lord (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 June 2019

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

GROUP	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue		**162,569**	209,128
Interest income		**3,444**	2,114
Total revenue	4	**166,013**	211,242
Introducing partner commissions and betting levies		**(35,184)**	(24,142)
Net operating income	3	**130,829**	187,100
Operating expenses	5	**(123,058)**	(125,863)
Operating profit		**7,771**	61,237
Finance costs	7	**(1,442)**	(1,173)
Profit before taxation	8	**6,329**	60,064
Taxation	9	**(451)**	(10,379)
Profit for the year attributable to owners of the parent		**5,878**	49,685
Earnings per share			
Basic earnings per share (p)	10	**2.0p**	17.3p
Diluted earnings per share (p)	10	**2.0p**	17.1p

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The Company had no other comprehensive income.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

GROUP	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit for the year		5,878	49,685
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to income statement			
(Loss)/gain on net investment hedges	25	(499)	1,755
Currency translation differences	25	38	(3,093)
Changes in the fair value of debt instruments at fair value through other comprehensive income	25	84	—
Change in value of available-for-sale financial assets	25	—	(58)
Other comprehensive expense for the year		(377)	(1,396)
Total comprehensive income for the year attributable to owners of the parent		5,501	48,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

Company registration number: 05145017

GROUP	Note	31 March 2019 £'000	31 March 2018 £'000
ASSETS			
Non-current assets			
Intangible assets	12	**4,961**	4,365
Property, plant and equipment	13	**18,105**	20,685
Deferred tax assets	14	**11,649**	8,802
Financial investments	18	**11,332**	10,822
Trade and other receivables	16	**2,693**	2,237
Total non-current assets		**48,740**	46,911
Current assets			
Trade and other receivables	16	**117,991**	47,940
Derivative financial instruments	17	**2,885**	7,335
Current tax recoverable		**3,384**	—
Financial investments	18	**10,747**	10,330
Amounts due from brokers		**88,035**	156,887
Cash and cash equivalents	19	**48,729**	60,468
Total current assets		**271,771**	282,960
Total assets		**320,511**	329,871
LIABILITIES			
Current liabilities			
Trade and other payables	20	**100,572**	91,696
Derivative financial instruments	17	**4,303**	3,922
Borrowings	21	**1,088**	1,274
Current tax payable		**—**	2,347
Short-term provisions	22	**246**	145
Total current liabilities		**106,209**	99,384
Non-current liabilities			
Trade and other payables	20	**4,810**	5,389
Borrowings	21	**1,247**	2,346
Deferred tax liabilities	14	**1,155**	682
Long-term provisions	22	**2,010**	2,040
Total non-current liabilities		**9,222**	10,457
Total liabilities		**115,431**	109,841
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	**72,892**	72,872
Share premium	23	**46,236**	46,236
Own shares held in trust	24	**(604)**	(567)
Other reserves	25	**(49,829)**	(49,452)
Retained earnings		**136,385**	150,941
Total equity		**205,080**	220,030
Total equity and liabilities		**320,511**	329,871

The Financial Statements on pages 97 to 139 were approved by the Board of Directors on 5 June 2019 and signed on its behalf by:

P.A. Cruddas

Peter Cruddas
Chief Executive Officer

G Foley

Grant Foley
Chief Operating and Financial Officer

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March 2019

Company registration number: 05145017

COMPANY	Note	31 March 2019 £'000	31 March 2018 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	15	167,347	166,737
Total non-current assets		167,347	166,737
Current assets			
Trade and other receivables	16	14,642	14,445
Cash and cash equivalents	19	138	280
Total current assets		14,780	14,725
Total assets		182,127	181,462
LIABILITIES			
Current liabilities			
Trade and other payables	20	69	15,235
Total current liabilities		69	15,235
Non-current liabilities			
Borrowings	21	15,550	—
Total non-current liabilities		15,550	—
Total liabilities		15,619	15,235
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	72,892	72,872
Share premium	23	46,236	46,236
Retained earnings			
At 1 April		47,119	29,006
Profit for the year attributable to the owners		20,558	42,064
Other changes in retained earnings		(20,297)	(23,951)
		47,380	47,119
Total equity		166,508	166,227
Total equity and liabilities		182,127	181,462

The Financial Statements on pages 97 to 139 were approved by the Board of Directors on 5 June 2019 and signed on its behalf by:

P.A. Cruddas

Peter Cruddas
Chief Executive Officer

G Foley

Grant Foley
Chief Operating and Financial Officer

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

GROUP	Share capital £'000	Share premium £'000	Own shares held in trust £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	72,646	46,236	(466)	(48,056)	125,413	195,773
New shares issued	226	—	—	—	—	226
Total comprehensive income for the year	—	—	—	(1,396)	49,685	48,289
Acquisition of own shares held in trust	—	—	(104)	—	—	(104)
Utilisation of own shares held in trust	—	—	3	—	—	3
Share-based payments	—	—	—	—	1,505	1,505
Tax on share-based payments	—	—	—	—	57	57
Dividends	—	—	—	—	(25,719)	(25,719)
At 31 March 2018	**72,872**	**46,236**	**(567)**	**(49,452)**	**150,941**	**220,030**
New shares issued	**20**	**—**	**—**	**—**	**—**	**20**
Total comprehensive income for the year	**—**	**—**	**—**	**(377)**	**5,878**	**5,501**
Acquisition of own shares held in trust	**—**	**—**	**(130)**	**—**	**—**	**(130)**
Utilisation of own shares held in trust	**—**	**—**	**93**	**—**	**—**	**93**
Share-based payments	**—**	**—**	**—**	**—**	**715**	**715**
Tax on share-based payments	**—**	**—**	**—**	**—**	**(57)**	**(57)**
Dividends	**—**	**—**	**—**	**—**	**(21,092)**	**(21,092)**
At 31 March 2019	**72,892**	**46,236**	**(604)**	**(49,829)**	**136,385**	**205,080**

Total equity is attributable to owners of the Company

COMPANY	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	72,646	46,236	29,006	147,888
New shares issued	226	—	—	226
Total comprehensive income for the year	—	—	42,064	42,064
Share-based payments	—	—	1,773	1,773
Dividends	—	—	(25,724)	(25,724)
At 31 March 2018	**72,872**	**46,236**	**47,119**	**166,227**
New shares issued	**20**	**—**	**—**	**20**
Total comprehensive income for the year	**—**	**—**	**20,558**	**20,558**
Share-based payments	**—**	**—**	**798**	**798**
Dividends	**—**	**—**	**(21,095)**	**(21,095)**
At 31 March 2019	**72,892**	**46,236**	**47,380**	**166,508**

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

		GROUP		COMPANY	
	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	26	**24,036**	64,242	**(252)**	(3,859)
Interest income		**3,444**	2,114	**267**	253
Tax paid		**(7,590)**	(13,787)	**—**	—
Net cash generated from/(used in) operating activities		**19,890**	52,569	**15**	(3,606)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(3,804)**	(8,640)	**—**	—
Proceeds from disposal of property, plant and equipment		**—**	42	**—**	—
Investment in intangible assets		**(2,907)**	(3,518)	**—**	—
Purchase of financial investments		**(11,353)**	(21,426)	**—**	—
Proceeds from maturity of financial investments and coupon receipts		**10,613**	20,512	**—**	—
(Outflow)/inflow on net investment hedges		**(341)**	2,206	**—**	—
Net contribution from subsidiaries		**—**	—	**188**	3,942
Dividends received		**—**	—	**21,090**	25,695
Net cash (used in)/generated from investing activities		**(7,792)**	(10,824)	**21,278**	29,637
Cash flows from financing activities					
Repayment of borrowings		**(110,785)**	(171,686)	**—**	—
Proceeds from borrowings		**109,500**	170,778	**—**	—
Proceeds from issue of Ordinary Shares		**—**	42	**20**	226
Acquisition of own shares		**(110)**	(104)	**—**	—
Dividends paid		**(21,092)**	(25,719)	**(21,095)**	(25,724)
Finance costs		**(1,442)**	(1,173)	**(360)**	(402)
Net cash used in financing activities		**(23,929)**	(27,862)	**(21,435)**	(25,900)
Net (decrease)/increase in cash and cash equivalents		**(11,831)**	13,883	**(142)**	131
Cash and cash equivalents at the beginning of the year		**60,468**	48,952	**280**	149
Effect of foreign exchange rate changes		**92**	(2,367)	**—**	—
Cash and cash equivalents at the end of the year		**48,729**	60,468	**138**	280

1. General information and basis of preparation

Corporate information

CMC Markets plc (the "Company") is a public company incorporated in the United Kingdom and domiciled in England and Wales under the Companies Act 2006. The nature of the operations and principal activities of CMC Markets plc and its subsidiaries (collectively the "Group") are set out in note 3.

Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's Financial Statements are presented in Sterling (GBP), which is the Company's functional and the Group's presentation currency. Foreign operations are included in accordance with the policies set out in note 2.

Basis of accounting

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRSs"), IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs.

The Financial Statements have been prepared in accordance with the going concern basis, under the historical cost convention, except in the case of "Financial instruments at fair value through profit or loss ("FVPL")" and "Financial instruments at fair value through other comprehensive income ("FVOCI")". The financial information is rounded to the nearest thousand, except where otherwise indicated.

The Group's principal accounting policies adopted in the preparation of these Financial Statements are set out in note 2 below. These policies have been consistently applied to all years presented. The Financial Statements presented are at and for the years ended 31 March 2019 and 31 March 2018. Financial annual years are referred to as 2019 and 2018 in the Financial Statements.

Changes in accounting policy and disclosures

Application of new and revised accounting standards

A number of new or amended standards became applicable for the current reporting period and the Group changed its accounting policies as a result of adopting:

- IFRS 15 'Revenue from Contracts with Customers'

  The adoption of IFRS 15 had no impact on the Group, as the way that the Group's revenue from contracts with customers was recognised under the previous accounting standard, IAS 18, satisfies the requirements of IFRS 15 with no changes required.

- IFRS 9 'Financial Instruments'

  IFRS 9 incorporates:

  - new classification and measurement requirements for financial assets and liabilities;
  - the introduction of an expected credit loss impairment model;
  - new hedge accounting requirements; and
  - enhanced disclosures in the financial statements.

  The Group adopted IFRS 9 on 1 April 2018. As a result:

  - certain financial assets and liabilities were reclassified in the statement of financial position; and
  - the provisioning methodology for financial assets not held at fair value through profit and loss changed from an incurred loss to an expected loss basis.

Financial assets and liabilities reclassifications

	Original measurement category under IAS 39	New measurement category under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Assets at amortised cost
Financial investments	Available for sale	Assets at FVOCI
Amounts due from brokers	Loans and receivables	Assets at amortised cost
Derivative financial instruments – net investment hedges	Derivatives held for hedging	Assets at FVOCI
Trade and other receivables	Loans and receivables	Assets at amortised cost
Financial liabilities		
Derivative financial instruments – net investment hedges	Derivatives held for hedging	Liabilities at FVOCI

1. General information and basis of preparation continued

Financial assets and liabilities reclassifications continued

The derivative financial instruments designated as net investment hedges under IAS 39 at 31 March 2018 continue to qualify for hedge accounting under IFRS 9 at 1 April 2018 and are therefore treated as continuing hedges.

There were no differences between previous carrying amounts and consequently no adjustment has been made to opening retained earnings.

The accounting policies for financial assets and financial liabilities have been amended to reflect the classification requirements of IFRS 9. However, upon transition to IFRS 9 there was no change to the underlying accounting treatment.

Impairment

Trade receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information. Upon transition to IFRS 9, the provision determined under the expected credit loss model was consistent with the provision recognised under IAS 39 and, as such, no adjustment was made to the opening statement of financial position.

While cash and cash equivalents, amounts due from brokers and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Thus, transition to IFRS 9 had no impact on the statement of financial position or the income statement.

New accounting standards in issue but not yet effective

At the date of authorisation of the Financial Statements, the following new standards and interpretations relevant to the Group were in issue but not yet effective and have not been applied to the Financial Statements:

- IFRS 16 'Leases' is effective 1 April 2019 for the Group, replacing IAS 17 'Leases'. Whilst lessor accounting is similar to IAS 17, lessee accounting is significantly different. Under IFRS 16, the Group will recognise within the balance sheet a right-of-use asset and a lease liability for future lease payments in respect of all leases, unless the underlying assets are of low value or the lease term is 12 months or less. Within the income statement, operating lease expense on the impacted leases will be replaced with depreciation on the right-of-use asset and interest expense on the lease liability.

  The Group will apply IFRS 16 on a modified retrospective basis without restating prior years and electing for the following exemptions on transition at 1 April 2019. The Group will:

  - apply IFRS 16 to contracts previously identified as leases by IAS 17;
  - use the incremental borrowing rate as the discount rate; and
  - not apply IFRS 16 to operating leases with a remaining lease term of less than 12 months or low value leases.

  The opening balance sheet at 1 April 2019 will be adjusted to create a right of use asset of approximately £15,152,000. A lease liability will be recognised of £22,811,000. A lease receivable will be recognised of £1,310,000 in respect of office properties that have been sub-let. Retained earnings will increase by £272,000.

Basis of consolidation

The Financial Statements incorporate the financial information of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

CMC Markets plc became the ultimate holding company of the Group under a Group reorganisation in 2006. The pooling of interests method of accounting was applied to the Group reorganisation as it fell outside the scope of IFRS 3 'Business Combinations'. The Directors adopted the pooling of interests as they believed it best reflected the true nature of the Group. All other business combinations have been accounted for by the purchase method of accounting.

Under the purchase method of accounting, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Acquisition-related costs are expensed as incurred.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1. General information and basis of preparation continued

Significant accounting judgements

The preparation of Financial Statements in conformity with IFRSs requires the use of certain significant accounting judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Financial Statements, is:

Deferred taxes

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Summary of significant accounting policies

Total revenue

Revenue

Revenue comprises the fair value of the consideration received from the provision of online financial services in the ordinary course of the Group's activities, net of client rebates. Revenue is shown net of value added tax after eliminating sales within the Group. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured.

The Group generates revenue principally from flow management, commissions, spreads and financing income associated with acting as a market maker to its clients to trade contracts for difference ("CFD"), financial spread betting and stockbroking services.

Revenue represents profits and losses, including commissions, spreads and financing income, from client trading activity and the transactions undertaken to hedge these revenue flows. Gains and losses arising on the valuation of open positions to fair market value are recognised in revenue, as well as the gains and losses realised on positions which have closed. Revenue from the provision of financial information and stockbroking services to third parties is recognised at the later of the rendering of the service or the point at which the revenue can be reliably measured.

Interest income

Total revenue also includes interest earned on the Group's own funds, clients' funds and broker trading deposits net of interest payable to clients and brokers. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Introducing partner commissions and betting levies

Commissions payable to introducing partners and spread betting levies are charged to the income statement when the associated revenue is recognised and are disclosed as a deduction from total revenue in deriving net operating income. Betting levy is payable on net gains generated from clients on spread betting and the Countdowns and Digital 100 products. This levy is payable on net gains generated from clients on these products.

Segmental reporting

The Group's segmental information is disclosed in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ("CODM"), who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the CMC Markets plc Board. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated. The segments are subject to annual review and the comparatives restated to reflect any reclassifications within the segmental reporting.

Share-based payment

The Group issues equity settled and cash settled share-based payments to certain employees.

Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at date of grant. The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the retained earnings.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Cash settled share-based payments are measured at expected value at vesting date at least once per year, along with the likelihood of meeting non-market-based vesting conditions and the number of shares that are expected to vest. The cost is recognised in the income statement with a corresponding accrual.

Retirement benefit costs

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in profit or loss in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

2. Summary of significant accounting policies continued

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. The rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are included within deferred income and amortised to the income statement so as to spread the benefit on a straight-line basis over the lease term.

Where a leasehold property becomes surplus to the Group's foreseeable business requirements, provision is made for the expected future net cost of the property taking account of the duration of the lease and any recovery of cost achievable through subletting.

Exceptional items

Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the Financial Statements.

Taxation

The tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Deferred tax is calculated using tax rates and laws enacted or substantively enacted by the balance sheet date.

Such assets and liabilities are not recognised if the temporary difference arises from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions denominated in currencies, other than the functional currency, are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates applicable to the relevant year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Such translation differences are recognised as income or expense in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of a subsidiary, at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included within "intangible assets" at cost less accumulated impairment losses.

Goodwill is tested for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributed amount of goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units for purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, identified according to business segment.

2. Summary of significant accounting policies continued

Intangible assets continued

Computer software (purchased and developed)

Purchased software is recognised as an intangible asset at cost when acquired. Costs associated with maintaining computer software are recognised as an expense as incurred. Costs directly attributable to internally developed software are recognised as an intangible asset only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development costs of the asset can be measured reliably;
- sufficient resources are available to complete the development; and
- it is the Group's intention to complete the asset and use or sell it.

Where the above conditions are not met, costs are expensed as incurred. Directly attributable costs that are capitalised include software development, employee costs and an appropriate portion of relevant overheads. Costs which have been recognised as an asset are amortised on a straight-line basis over the asset's estimated useful life.

Trademarks and trading licences

Trademarks and trading licences that are separately acquired are capitalised at cost and those acquired from a business combination are capitalised at the fair value at the date of acquisition. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

Client relationships

The fair value attributable to client relationships acquired through a business combination is included as an intangible asset and amortised over the estimated useful life on a straight-line basis. The fair value of client relationships is calculated at the date of acquisition on the basis of the expected future cash flows to be generated from that asset. Separate values are not attributed to internally generated client relationships.

Following initial recognition, computer software, trademarks and trading licences and client relationships are carried at cost or initial fair value less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Amortisation policy
Computer software (purchased or developed)	3 years or life of licence
Trademarks and trading licences	10–20 years
Client relationships	14 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Property, plant and equipment

Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all PPE at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Depreciation policy
Furniture, fixtures and equipment	5 years
Computer hardware	5 years
Leasehold improvements	15 years or life of lease

The useful lives and residual values of the assets are assessed annually and may be adjusted depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Premises in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, determined on the same basis as other leasehold assets, commences when the assets are ready for their intended use.

2. Summary of significant accounting policies continued

Impairment of assets

Assets subject to amortisation or depreciation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less cost to sell and value in use. Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs. Value in use is the estimated discounted future cash flows generated from the asset's continued use, including those from its ultimate disposal. For the purpose of assessing value in use, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

To the extent that the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. For assets other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lower of its original carrying amount and the revised estimate of its recoverable amount.

Financial instruments

Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- those to be measured at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss or fair value through other comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset.

The Group subsequently measures cash and cash equivalents, amounts due from brokers and trade and other receivables at amortised cost. The Group subsequently measures derivative financial instruments and financial investments at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise current account balances, bank deposits and other short-term highly liquid investments with initial maturity dates of less than three months.

Amounts due from brokers

All derivatives used as hedges held for trading are margin traded. Amounts due from brokers represent funds placed with hedging counterparties, a proportion of which are posted to meet broker margin requirements. Assets or liabilities resulting from profits or losses on open positions are recognised separately as derivative financial instruments.

The Group offers cryptocurrencies as a product that can be traded on its platform. The Group purchases and sells cryptocurrencies to hedge the clients' positions. This product is used in a similar manner to using broking counterparties for hedging purposes. Whilst it does not strictly meet the definition of a financial asset we have accounted for the cryptocurrencies as a financial asset and included the values within "Amounts due from brokers".

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating costs. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

Financial investments

Financial investments are subsequently measured at fair value. Interest income is calculated using the effective interest method. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2. Summary of significant accounting policies continued

Derivative financial instruments

Derivative financial instruments, comprising index, commodities, foreign exchange and treasury futures and forward foreign exchange contracts, are classified as "fair value through profit or loss" under IFRS 9, unless designated as hedges. Derivatives not designated as hedges are initially recognised at fair value. Subsequent to initial recognition, changes in fair value of such derivatives and gains or losses on their settlement are recognised in the income statement.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group designates certain derivatives as either:

Held for trading

Derivatives classified as held for trading are included in this category. The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are classified as held for trading. All derivatives held for trading are carried in the statement of financial position at fair value with gains or losses recognised in revenue in the income statement.

Held as hedges of net investments in foreign operations

Where a foreign currency derivative financial instrument is a formally designated hedge of a net investment in a foreign operation, foreign exchange differences arising on translation of the financial instrument are recognised in the net investment hedging reserve via other comprehensive income to the extent the hedge is effective. The Group assesses the effectiveness of its net investment hedges based on fair value changes of its net assets and the fair value changes of the relevant financial instrument. The gain or loss relating to the ineffective portion is recognised immediately in operating costs in the income statement. Accumulated gains and losses recorded in the net investment hedging reserve are recognised in operating costs in the income statement on disposal of the foreign operation.

Economic hedges (held as hedges of monetary assets and liabilities, financial commitments or forecast transactions)

These are derivatives held to mitigate the foreign exchange risk on monetary assets and liabilities, financial commitments or forecast transactions. Where a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset or liability, financial commitment or forecast transaction, but does not meet the criteria to qualify for hedge accounting under IFRS 9, no hedge accounting is applied and any gain or loss resulting from changes in fair value of the hedging instrument is recognised in operating costs in the income statement.

Trade payables

Trade payables are not interest bearing and are stated at fair value on initial recognition and subsequently at amortised cost.

Borrowings

The Group leases certain property, plant and equipment. The leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. These leases are capitalised at the lease's commencement at the lower of fair value and present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period and is presented within finance costs. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

All loans and borrowings other than finance leases are initially recognised at cost, being the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Provisions

A provision is a liability of uncertain timing or amount that is recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. The increase in the provision due to the unwind of the discount to present value over time is recognised as an interest expense.

Share capital

Ordinary and Deferred Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own shares held in trusts

Shares held in trust by the Company for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

2. Summary of significant accounting policies continued

Employee benefit trusts

Assets held in employee benefit trusts are recognised as assets of the Group, until these vest unconditionally to identified employees. A full provision is made in respect of assets held by the trust as there is an obligation to distribute these assets to the beneficiaries of the employee benefit trust.

The employee benefit trusts own equity shares in the Company. These investments in the Company's own shares are held at cost and are included as a deduction from equity attributable to the Company's equity owners until such time as the shares are cancelled or transferred. Where such shares are subsequently transferred, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

Client money

The Group holds money on behalf of clients in accordance with the Client Asset ("CASS") rules of the FCA and other financial markets regulators in the countries in which the Group operates. The amounts held on behalf of clients at the balance sheet date are stated in notes 19 and 20. Segregated client funds comprise individual client balances which are pooled in segregated client money bank accounts. Segregated client money bank accounts hold statutory trust status restricting the Group's ability to use the monies and accordingly such amounts and are not recognised on the Group's Statement of Financial Position.

3. Segmental reporting

The Group's principal business is online retail financial services including stockbroking and providing its clients with the ability to trade contracts for difference ("CFD") and financial spread betting on a range of underlying shares, indices, foreign currencies, commodities and treasuries. The Group also makes these services available to institutional partners through white label and introducing broker arrangements. The Group's CFDs are traded worldwide, whereas the financial spread betting products are only available to trade in the UK and Ireland and the Group provides stockbroking services only in Australia. The Group's business is generally managed on a geographical basis and, for management purposes, the Group is organised into four segments:

- CFD and Spreadbet – UK and Ireland ("UK & IE");
- CFD – Europe;
- CFD – Australia, New Zealand and Singapore ("APAC") and Canada; and
- Stockbroking – Australia.

Stockbroking was previously reported within the APAC & Canada segment, however is now presented as an individual segment due to the growing significance of the business to the Group's performance. The comparative information for the year ended 31 March 2018 has been restated. These segments are in line with the management information received by the chief operating decision maker ("CODM").

Revenues and costs are allocated to the segments that originated the transaction. Costs generated centrally are allocated to segments on an equitable basis, mainly based on revenue, headcount or active client levels, or where central costs are directly attributed to specific segments.

	Year ended 31 March 2019					
	CFD and Spreadbet			Stockbroking		
GROUP	UK & IE £'000	Europe £'000	APAC & Canada £'000	Australia £'000	Central £'000	Total £'000
Segment revenue net of introducing partner commissions and betting levies	48,170	27,090	36,369	15,756	—	127,385
Interest income	1,558	1	1,595	290	—	3,444
Net operating income	49,728	27,091	37,964	16,046	—	130,829
Segment operating expenses	(14,001)	(9,521)	(13,599)	(4,875)	(81,062)	(123,058)
Segment contribution	35,727	17,570	24,365	11,171	(81,062)	7,771
Allocation of central operating expenses	(22,889)	(21,738)	(23,853)	(12,582)	81,062	—
Operating profit	12,838	(4,168)	512	(1,411)	—	7,771
Finance costs	(136)	(1)	—	—	(1,305)	(1,442)
Allocation of central finance costs	(565)	(294)	(446)	—	1,305	—
Profit before taxation	12,137	(4,463)	66	(1,411)	—	6,329

3. Segmental reporting continued

GROUP	Year ended 31 March 2018 CFD and Spreadbet UK & IE £'000	 Europe £'000	 APAC & Canada £'000	Stockbroking Australia £'000	Central £'000	Total £'000
Segment revenue net of introducing partner commissions and betting levies	73,087	50,465	52,906	8,528	—	184,986
Interest income	593	—	1,359	162	—	2,114
Net operating income	73,680	50,465	54,265	8,690	—	187,100
Segment operating expenses	(16,001)	(9,840)	(13,632)	(912)	(85,478)	(125,863)
Segment contribution	57,679	40,625	40,633	7,778	(85,478)	61,237
Allocation of central operating expenses	(25,603)	(26,734)	(24,971)	(8,170)	85,478	—
Operating profit	32,076	13,891	15,662	(392)	—	61,237
Finance costs	(62)	—	—	(1)	(1,110)	(1,173)
Allocation of central finance costs	(484)	(320)	(306)	—	1,110	—
Profit before taxation	31,530	13,571	15,356	(393)	—	60,064

The measurement of net operating income for segmental analysis is consistent with that in the income statement.

The Group uses "Segment contribution" to assess the financial performance of each segment. Segment contribution comprises operating profit for the year before finance costs and taxation and an allocation of central operating expenses.

4. Total revenue

Revenue

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
CFD and spread bet	**130,372**	197,385
Stockbroking	**30,485**	10,633
Other	**1,712**	1,110
Total	**162,569**	209,128

Interest income

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Bank and broker interest	**3,341**	2,087
Interest from clients	**—**	3
Interest on financial investments	**103**	24
Total	**3,444**	2,114

The Group earns interest income from its own corporate funds and from segregated client funds.

5. Operating expenses

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Net staff costs (note 6)	51,659	57,936
IT costs	20,017	16,949
Sales and marketing	16,320	20,558
Premises	7,312	6,224
Legal and professional fees	4,612	4,027
Regulatory fees	2,925	2,951
Depreciation and amortisation	7,325	6,810
Other	13,122	10,645
	123,292	126,100
Capitalised internal software development costs	(234)	(237)
Operating expenses	123,058	125,863

The above presentation reflects the breakdown of operating expenses by nature of expense.

6. Employee information

The aggregate employment costs of staff and Directors were:

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Wages and salaries	41,293	46,106
Social security costs	5,494	6,677
Other pension costs	1,465	1,354
Share-based payments	817	3,003
Total Director and employee costs	49,069	57,140
Contract staff costs	5,068	3,475
	54,137	60,615
Capitalised internal software development costs	(2,478)	(2,679)
Net staff costs	51,659	57,936

Compensation of key management personnel is disclosed in note 31.

The monthly average number of Directors and employees of the Group during the year is set out below:

GROUP	Year ended 31 March 2019 Number	Year ended 31 March 2018 Number
By activity:		
Key management	7	7
Client acquisition and maintenance	343	278
IT development and support	146	133
Global support functions	149	148
Total Directors and employees	645	566
Contract staff	36	26
Total staff	681	592

The Company had no employees during the current year or prior year.

7. Finance costs

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest and fees on bank borrowings	1,336	1,020
Other finance costs	106	153
Total	**1,442**	1,173

8. Profit before taxation

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit before tax is stated after charging/(crediting):		
Depreciation	5,989	5,628
Amortisation of intangible assets	1,336	1,182
Net foreign exchange gain	160	(599)
Operating lease rentals	3,948	2,794
Auditors' remuneration for audit and other services (see below)	1,165	1,105

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, were as follows:

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Audit services		
Audit of CMC Markets plc's financial statements	350	324
Audit of CMC Markets plc's subsidiaries	487	397
Total audit fees	**837**	721
Non-audit services		
Audit-related services	263	328
Tax compliance services	—	38
Other non-audit services	65	18
Total non-audit fees	**328**	384
Total fees	**1,165**	1,105

9. Taxation

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Analysis of charge for the year		
Current tax:		
Current tax on profit for the year	2,069	10,769
Adjustments in respect of previous years	(70)	201
Total current tax	**1,999**	10,970
Deferred tax:		
Origination and reversal of temporary differences	(1,697)	(656)
Adjustments in respect of previous years	136	(29)
Impact of change in tax rate	13	94
Total deferred tax	**(1,548)**	(591)
Total tax	**451**	10,379

9. Taxation continued

The standard rate of UK corporation tax charged was 19% with effect from 1 April 2017. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate of 7.13% (year ended 31 March 2018: 17.28%) differs from the standard rate of UK corporation tax of 19% (year ended 31 March 2018: 19%). The differences are explained below:

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit before taxation	**6,329**	60,064
Profit multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2018: 19%)	**1,203**	11,412
Adjustment in respect of foreign tax rates	**54**	591
Adjustments in respect of previous years	**66**	172
Impact of change in tax rate	**13**	94
Expenses not deductible for tax purposes	**290**	180
Income not subject to tax	**(9)**	34
Irrecoverable foreign tax	**—**	357
Recognition of previously unrecognised tax losses	**(1,594)**	(2,262)
Other differences	**428**	(199)
Total tax	**451**	10,379

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Tax on items recognised directly in equity		
Tax (charge)/credit on share-based payments	**(57)**	57

10. Earnings per share ("EPS")

Basic EPS is calculated by dividing the earnings attributable to the equity owners of the Company by the weighted average number of Ordinary Shares in issue during each year excluding those held in employee share trusts which are treated as cancelled.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue, excluding those held in employee share trusts, is adjusted to assume conversion of all dilutive potential weighted average Ordinary Shares, which consists of share options granted to employees during the year ended 31 March 2019.

GROUP	Year ended 31 March 2019	Year ended 31 March 2018
Earnings attributable to ordinary shareholders (£'000)	**5,878**	49,685
Weighted average number of shares used in the calculation of basic earnings per share ('000)	**288,353**	287,556
Dilutive effect of share options ('000)	**3,184**	2,629
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	**291,537**	290,185
Basic earnings per share (p)	**2.0p**	17.3p
Diluted earnings per share (p)	**2.0p**	17.1p

For the year ended 31 March 2019, 3,184,000 (year ended 31 March 2018: 2,629,000) potentially dilutive weighted average Ordinary Shares in respect of share options in issue were included in the calculation of diluted EPS.

11. Dividends

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Declared and paid in each year		
Final dividend for 2018 at 5.95p per share (2017: 5.95p)	**17,191**	17,137
Interim dividend for 2019 at 1.35p per share (2018: 2.98p)	**3,901**	8,582
Total	**21,092**	25,719

The final dividend for 2019 of 0.68 pence per share, amounting to £1,966,000, was proposed by the Board on 5 June 2019 and has not been included as a liability at 31 March 2019. The dividend will be paid on 6 September 2019, following approval at the Company's AGM, to those members on the register at the close of business on 2 August 2019.

11. Dividends continued

The dividends paid or declared in relation to the financial year are set out below:

GROUP	Year ended 31 March 2019 Pence	Year ended 31 March 2018 Pence
Declared per share		
Interim dividend	**1.35**	2.98
Final dividend	**0.68**	5.95
Total dividend	**2.03**	8.93

12. Intangible assets

GROUP	Goodwill £'000	Computer software £'000	Trademarks and trading licences £'000	Client relationships £'000	Assets under development £'000	Total £'000
Cost						
At 1 April 2017	11,500	120,028	1,455	3,303	—	136,286
Additions	—	602	—	—	2,916	3,518
Transfers	—	273	—	—	(273)	—
Foreign currency translation	—	(2,186)	(50)	(324)	(82)	(2,642)
At 31 March 2018	**11,500**	**118,717**	**1,405**	**2,979**	**2,561**	**137,162**
Additions	**—**	**130**	**55**	**—**	**2,722**	**2,907**
Transfers	**—**	**5,239**	**—**	**—**	**(5,239)**	**—**
Research and development grant	**—**	**(871)**	**—**	**—**	**—**	**(871)**
Foreign currency translation	**—**	**(205)**	**(12)**	**(20)**	**(35)**	**(272)**
At 31 March 2019	**11,500**	**123,010**	**1,448**	**2,959**	**9**	**138,926**
Accumulated amortisation						
At 1 April 2017	(11,500)	(118,377)	(991)	(3,303)	—	(134,171)
Charge for the year	—	(1,132)	(50)	—	—	(1,182)
Foreign currency translation	—	2,185	47	324	—	2,556
At 31 March 2018	**(11,500)**	**(117,324)**	**(994)**	**(2,979)**	**—**	**(132,797)**
Charge for the year	**—**	**(1,284)**	**(52)**	**—**	**—**	**(1,336)**
Disposals	**—**	**1**	**—**	**—**	**—**	**1**
Foreign currency translation	**—**	**139**	**8**	**20**	**—**	**167**
At 31 March 2019	**(11,500)**	**(118,468)**	**(1,038)**	**(2,959)**	**—**	**(133,965)**
Carrying amount						
At 1 April 2017	—	1,651	464	—	—	2,115
At 31 March 2018	—	1,393	411	—	2,561	4,365
At 31 March 2019	**—**	**4,542**	**410**	**—**	**9**	**4,961**

Computer software includes capitalised development costs of £26,487,000 relating to the Group's Next Generation trading platform which has been fully amortised.

Impairment

Intangibles are tested for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There was no impairment identified in the year ended 31 March 2019 (year ended 31 March 2018: £nil).

At 31 March 2019, the Group had no material capital commitments in respect of intangible assets (at 31 March 2018: £2,200,000).

13. Property, plant and equipment

GROUP	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Computer hardware £'000	Construction in progress £'000	Total £'000
Cost					
At 1 April 2017	16,460	10,207	32,433	—	59,100
Additions	1,924	573	2,834	3,309	8,640
Disposals	(138)	(163)	(40)	—	(341)
Foreign currency translation	(440)	(121)	(387)	(50)	(998)
At 31 March 2018	**17,806**	**10,496**	**34,840**	**3,259**	**66,401**
Additions	**1,363**	**293**	**2,148**	**—**	**3,804**
Transfers	**2,576**	**673**	**—**	**(3,249)**	**—**
Disposals	**(355)**	**(473)**	**(13)**	**—**	**(841)**
Foreign currency translation	**(51)**	**(47)**	**(31)**	**(10)**	**(139)**
At 31 March 2019	**21,339**	**10,942**	**36,944**	**—**	**69,225**
Accumulated depreciation					
At 1 April 2017	(7,567)	(8,711)	(24,625)	—	(40,903)
Charge for the year	(2,161)	(500)	(2,967)	—	(5,628)
Disposals	138	120	15	—	273
Foreign currency translation	205	84	253	—	542
At 31 March 2018	**(9,385)**	**(9,007)**	**(27,324)**	**—**	**(45,716)**
Charge for the year	**(2,078)**	**(679)**	**(3,232)**	**—**	**(5,989)**
Disposals	**2**	**474**	**13**	**—**	**489**
Foreign currency translation	**37**	**36**	**23**	**—**	**96**
At 31 March 2019	**(11,424)**	**(9,176)**	**(30,520)**	**—**	**(51,120)**
Carrying amount					
At 1 April 2017	8,893	1,496	7,808	—	18,197
At 31 March 2018	8,421	1,489	7,516	3,259	20,685
At 31 March 2019	**9,915**	**1,766**	**6,424**	**—**	**18,105**

The net book value amount of property, plant and equipment on 31 March 2019 includes £1,763,000 (31 March 2018: £3,191,000) in respect of computer hardware held under finance leases.

14. Deferred tax

GROUP	**31 March 2019 £'000**	31 March 2018 £'000
Deferred tax assets to be recovered within 12 months	**6,651**	4,634
Deferred tax assets to be recovered after 12 months	**4,998**	4,168
	11,649	8,802
Deferred tax liabilities to be settled within 12 months	**(1)**	(5)
Deferred tax liabilities to be settled after 12 months	**(1,154)**	(677)
	(1,155)	(682)
Net deferred tax asset	**10,494**	8,120

14. Deferred tax continued

Deferred income taxes are calculated on all temporary differences under the liability method at the tax rate expected to apply when the deferred tax will crystallise. The gross movement on deferred tax is as follows:

GROUP	31 March 2019 £'000	31 March 2018 £'000
At 1 April	**8,120**	8,089
Credit to income for the year	**1,561**	685
(Charge)/credit to equity for the year	**(57)**	57
Change in tax rate	**(13)**	(94)
Research and development tax credit	**948**	—
Foreign currency translation	**(65)**	(617)
At 31 March	**10,494**	8,120

The following table details the deferred tax assets and liabilities recognised by the Group and movements thereon during the year:

GROUP	Tax losses £'000	Accelerated capital allowances £'000	Other timing differences £'000	Total £'000
At 1 April 2017	4,654	2,067	1,368	8,089
Credit/(charge) to income for the year	121	(1,063)	1,627	685
Credit to equity for the year	—	—	57	57
Change in tax rate	—	(94)	—	(94)
Foreign currency translation	(475)	56	(198)	(617)
At 31 March 2018	**4,300**	**966**	**2,854**	**8,120**
Credit to income for the year	**1,363**	**162**	**36**	**1,561**
Charge to equity for the year	**—**	**—**	**(57)**	**(57)**
Change in tax rate	**—**	**(13)**	**—**	**(13)**
Research and development tax credit	**—**	**—**	**948**	**948**
Foreign currency translation	**(74)**	**—**	**9**	**(65)**
At 31 March 2019	**5,589**	**1,115**	**3,790**	**10,494**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of the temporary differences can be deducted. The recoverability of the Group's deferred tax asset in respect of carry forward losses is based on an assessment of the future levels of taxable profit expected to arise that can be offset against these losses. The Group's expectations as to the level of future taxable profits take into account the Group's long-term financial and strategic plans and anticipated future tax adjusting items. In making this assessment, account is taken of business plans including the Board-approved Group budget. Key budget assumptions are discussed in the Directors' viability statement.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2019 the Group did not recognise deferred tax assets of £11,036,000 (year ended 31 March 2018: £12,922,000) in respect of losses amounting to £37,861,000 (year ended 31 March 2018: £43,513,000). In respect of these losses, £36,818,000 (year ended 31 March 2018: £42,497,000) relates to the Group's Australian subsidiaries and there are no time limits on their utilisation. £1,043,000 (year ended 31 March 2018: £1,016,000) of the losses relates to the Group's Information Internet Ltd subsidiary and there are no time limits on their utilisation.

The Group has recognised a deferred tax asset of £5,508,000 (year ended 31 March 2018: £4,268,000) in respect of losses of £18,363,000 (year ended 31 March 2018: £14,227,000) in the Group's Australian subsidiaries as at 31 March 2019. The Group has recognised a deferred tax asset of £81,000 (year ended 31 March 2018: £32,000) in respect of losses of £323,000 (year ended 31 March 2018: £172,000) in the Group's Information Internet Ltd subsidiary as at 31 March 2019.

A deferred tax asset of £948,000 (year ended 31 March 2018: £nil) has arisen for the Group in respect of Research and Development tax credits arising in Australia which have not been used due to the existence of tax losses. The credits are expected to be utilised in future.

The change in the main rate of UK corporation tax from 19% to 17%, effective from 1 April 2020, passed into legislation in September 2016 through the 2016 Finance Act. The Group has assessed the impact of these changes in line with accounting policies and all deferred tax balances are recorded at the tax rate expected to apply when the deferred tax will crystallise.

15. Investment in subsidiary undertakings

COMPANY	31 March 2019 £'000	31 March 2018 £'000
At 1 April	166,737	168,906
Capital contribution relating to share-based payments	798	1,773
Amounts contributed by subsidiaries in relation to share-based payments	(337)	(4,234)
Investment	149	292
At 31 March	**167,347**	166,737

The list below includes all of the Group's direct and indirect subsidiaries as at 31 March 2019:

	Country of incorporation	Principal activities	Held
CMC Markets Holdings Ltd	England	Holding company	Directly
CMC Markets UK Holdings Ltd	England	Holding company	Indirectly
CMC Markets UK plc	England	Online trading	Indirectly
Information Internet Ltd	England	IT development	Indirectly
CMC Spreadbet plc	England	Financial spread betting	Indirectly
CMC Markets Overseas Holdings Ltd	England	Holding company	Indirectly
CMC Markets Asia Pacific Pty Ltd	Australia	Online trading	Indirectly
CMC Markets Group Australia Pty Ltd	Australia	Holding company	Indirectly
CMC Markets Stockbroking Ltd	Australia	Stockbroking	Indirectly
CMC Markets Stockbroking Services Pty Ltd	Australia	Employee services	Indirectly
CMC Markets Stockbroking Nominees Pty Ltd	Australia	Stockbroking nominee	Indirectly
CMC Markets Stockbroking Nominees (No. 2 Account) Ltd	Australia	Dormant	Indirectly
CMC Markets Canada Inc	Canada	Client introducing office	Indirectly
CMC Markets NZ Ltd	New Zealand	Online trading	Indirectly
CMC Markets Singapore Pte Ltd	Singapore	Online trading	Indirectly
CMC Business Services (Shanghai) Limited	China	Training and education	Indirectly
CMC Markets Germany GmbH	Germany	Dormant	Indirectly
CMC Markets Middle East Management Ltd	UAE	Management office	Indirectly

Please refer to page 144 for the registered office addresses of the subsidiaries above.

All shareholdings are of Ordinary Shares. The issued share capital of all subsidiary undertakings is 100% owned, which also represents the proportion of the voting rights in the subsidiary undertakings.

CMC Markets Pty Ltd was dissolved during the year ended 31 March 2019.

The list below includes all of the Group's employee benefit trusts as at 31 March 2019:

	Country of incorporation
CMC Markets plc Employee Share Trust	Jersey
CMC Markets plc UK Share Incentive Plan	England
CMC Markets plc (Discretionary Schemes) Employee Share Trust	England
CMC Markets 2007 Employee Benefit Trust	Isle of Man
CMC Employee Share Scheme Trust	Isle of Man

16. Trade and other receivables

	GROUP		COMPANY	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Current				
Gross trade receivables	8,185	7,455	—	—
Less: provision for impairment of trade receivables	(3,528)	(2,964)	—	—
Trade receivables	4,657	4,491	—	—
Amounts due from Group companies	—	—	870	505
Prepayments and accrued income	12,391	8,065	162	237
Stockbroking debtors	82,510	19,386	—	—
Other debtors	18,433	15,998	13,610	13,703
	117,991	47,940	14,642	14,445
Non-current				
Other debtors	2,693	2,237	—	—
Total	120,684	50,177	14,642	14,445

Stockbroking debtors represent the amount receivable in respect of equity security transactions executed on behalf of clients with a corresponding balance included within trade and other payables (note 20).

As part of the transaction with ANZ Bank, the Group has deposited AUD 25,000,000 (£13,610,000) in escrow, which is included in other debtors above.

17. Derivative financial instruments

Assets

GROUP	31 March 2019 Notional amount £m	31 March 2019 Carrying amount £'000	31 March 2018 Notional amount £m	31 March 2018 Carrying amount £'000
Held for trading				
Index, commodity, foreign exchange and treasury futures	87.6	627	98.6	3,275
Forward foreign exchange contracts	98.4	1,902	270.2	3,218
Held for hedging				
Forward foreign exchange contracts – economic hedges	16.8	356	19.9	842
Forward foreign exchange contracts – net investment hedges	—	—	—	—
Total	202.8	2,885	388.7	7,335

Liabilities

GROUP	31 March 2019 Notional amount £m	31 March 2019 Carrying amount £'000	31 March 2018 Notional amount £m	31 March 2018 Carrying amount £'000
Held for trading				
Index, commodity, foreign exchange and treasury futures	94.5	(1,624)	120.6	(1,401)
Forward foreign exchange contracts	149.6	(2,189)	415.8	(2,356)
Held for hedging				
Forward foreign exchange contracts – economic hedges	25.0	(173)	2.2	(6)
Forward foreign exchange contracts – net investment hedges	21.8	(317)	23.6	(159)
Total	290.9	(4,303)	562.2	(3,922)

The fair value of derivative contracts is based on the market price of comparable instruments at the balance sheet date. All derivative financial instruments have a maturity date of less than one year.

Held for trading
As described in note 28, the Group enters derivative contracts in order to hedge its market price risk exposure arising from open client positions.

17. Derivative financial instruments continued

Held for hedging

The Group's forward foreign exchange contracts are designated as either economic or net investment hedges.

Economic hedges are held for the purpose of mitigating currency risk relating to transactional currency flows arising from earnings in foreign currencies but do not meet the criteria for designation as hedges. During the year ended 31 March 2019, £48,000 of losses net of revaluation gains or losses relating to economic hedges were recognised in the income statement (year ended 31 March 2018: gains £311,000).

The Group has designated a number of foreign exchange derivative contracts as hedges of the net investment in the Group's foreign operations. At 31 March 2019, £7,383,000 (31 March 2018: £6,884,000) of fair value losses were recorded in net investment hedging reserve within other reserves. At 31 March 2019, £5,331,000 (31 March 2018: £5,293,000) of fair value gains were recorded in translation reserve within other reserves.

During the year ended 31 March 2019, £499,000 (year ended 31 March 2018: gains £1,755,000) of fair value losses relating to net investment hedges were recognised in other comprehensive income. All changes in the fair value were treated as being effective under IFRS 9 'Financial Instruments'; as a result there was no amount reclassified from the net investment hedging reserve or translation reserve into the income statement.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets at the balance sheet date.

The Group's derivative positions are reported gross on the statement of financial position, as required by IAS 32 where there are no offset rights in place. There are no further netting arrangements or collateral posted which would impact the settlement of these balances.

18. Financial investments

GROUP	31 March 2019 £'000	31 March 2018 £'000
UK government securities		
At 1 April	**21,152**	20,272
Purchase of securities	**11,287**	21,426
Maturity of securities and coupon receipts	**(10,613)**	(20,512)
Accrued interest	**103**	24
Net losses transferred to equity	**84**	(58)
At 31 March	**22,013**	21,152
Equity securities		
At 1 April	**—**	—
Purchase of securities	**66**	—
At 31 March	**66**	—
Total	**22,079**	21,152

The UK government securities are held by the Group in satisfaction of the FCA requirements to hold a "liquid assets buffer" against potential liquidity stress under BIPRU12.

The effective interest rates of UK government securities held at the year end range from 0.68% to 1.93%.

GROUP	31 March 2019 £'000	31 March 2018 £'000
Analysis of financial investments		
Non-current	**11,332**	10,822
Current	**10,747**	10,330
Total	**22,079**	21,152

Financial investments are shown as current assets when they have a maturity of less than one year and as non-current when they have a maturity of more than one year.

19. Cash and cash equivalents

	GROUP		COMPANY	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Gross cash and cash equivalents	381,139	365,271	138	280
Less: client monies	(332,410)	(304,803)	—	—
Cash and cash equivalents	48,729	60,468	138	280
Analysed as:				
Cash at bank	48,729	60,468	138	280
Short-term deposits	—	—	—	—

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments, with maturities of three months or less. Cash at bank earns interest at floating rates, based on daily bank deposit rates.

20. Trade and other payables

	GROUP		COMPANY	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Current				
Gross trade payables	340,042	352,826	11	—
Less: client monies	(332,410)	(304,803)	—	—
Trade payables	7,632	48,023	11	—
Amount due to Group companies	—	—	—	15,160
Tax and social security	27	272	—	—
Stockbroking creditors	75,752	16,992	—	—
Other creditors, accruals and deferred income	17,161	26,409	58	75
	100,572	91,696	69	15,235
Non-current				
Deferred income	4,810	5,389	—	—
Total	105,382	97,085	69	15,235

Stockbroking creditors represent the amount payable in respect of equity and security transactions executed on behalf of clients with a corresponding balance included within trade and other receivables (note 16).

21. Borrowings

	GROUP		COMPANY	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
Current				
Finance lease liabilities	663	839	—	—
Other liabilities	425	435	—	—
	1,088	1,274	—	—
Non-current				
Finance lease liabilities	952	1,615	—	—
Other liabilities	295	731	—	—
Amount due to Group companies	—	—	15,550	—
	1,247	2,346	15,550	—
Total	2,335	3,620	15,550	—

The fair value of financial liabilities is approximate to the book value shown above.

21. Borrowings continued

GROUP	31 March 2019 £'000	31 March 2018 £'000
Finance lease liabilities		
Amounts payable under finance lease:		
Within one year	702	904
In the second to fifth years inclusive	975	1,677
After five years	—	—
	1,677	2,581
Less: future finance charges	(62)	(127)
Present value of lease obligations	1,615	2,454

The present value of finance lease liabilities is repayable as follows:

GROUP	31 March 2019 £'000	31 March 2018 £'000
Within one year	663	839
In the second to fifth years inclusive	952	1,615
After five years	—	—
Present value of lease obligations	1,615	2,454

The weighted average interest rates paid were as follows:

GROUP	31 March 2019 %	31 March 2018 %
Finance leases	2.93	3.21

Bank loans

In March 2019, the syndicated revolving credit facility was renewed at a level of £40,000,000 (31 March 2018: £65,000,000) where £20,000,000 had a maturity date of March 2020 and £20,000,000 had a maturity date of March 2022. This facility can only be used to meet broker margin requirements of the Group. The rate of interest payable on any loans is the aggregate of the applicable margin and LIBOR. Other fees such as commitment fees, legal fees and arrangement fees are also payable on this facility (note 7).

Analysis of net cash

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash and cash equivalents	48,729	60,468
Borrowings	(2,335)	(3,620)
Net cash	46,394	56,848

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
At 1 April	56,848	44,424
(Decrease)/increase in cash and cash equivalents	(11,831)	13,883
Proceeds from borrowings	(109,500)	(170,778)
Repayment of borrowings	110,785	171,686
Change in net cash resulting from cash flows	46,302	59,215
Effect of foreign exchange rate changes	92	(2,367)
At 31 March	46,394	56,848

22. Provisions

GROUP	EBT commitments £'000	Property related £'000	Other £'000	Total £'000
At 1 April 2017	160	1,575	208	1,943
Additional provision	—	494	—	494
Utilisation of provision	(15)	—	(208)	(223)
Currency translation	—	(29)	—	(29)
At 31 March 2018	**145**	**2,040**	**—**	**2,185**
Additional provision	**—**	**330**	**114**	**444**
Utilisation of provision	**(14)**	**(354)**	**—**	**(368)**
Currency translation	**—**	**(6)**	**1**	**(5)**
At 31 March 2019	**131**	**2,010**	**115**	**2,256**

The provision relating to employee benefit trusts ("EBT") represents the obligation to distribute assets held in employee benefit trusts to beneficiaries.

The property-related provisions include dilapidation provisions and discounted obligations under onerous lease contracts less any amounts considered recoverable by management. Dilapidation provisions have been capitalised as part of cost of leasehold improvements and are amortised over the term of the lease.

The other provisions balance on 31 March 2019 relates to provision for client compensation.

GROUP	31 March 2019 £'000	31 March 2018 £'000
Analysis of total provisions		
Current	**246**	145
Non-current	**2,010**	2,040
Total	**2,256**	2,185

23. Share capital and premium

	Number		£'000	
GROUP AND COMPANY	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Authorised				
Ordinary Shares of 25p	**400,000,000**	400,000,000	**100,000**	100,000
Allotted, issued and fully paid				
Ordinary Shares of 25p	**289,091,700**	289,008,354	**72,272**	72,252
Deferred Shares of 25p	**2,478,086**	2,478,086	**620**	620
Total	**291,569,786**	291,486,440	**72,892**	72,872

Share class rights

The Company has two classes of shares, Ordinary and Deferred, neither of which carries a right to fixed income. Deferred Shares have no voting or dividend rights. In the event of a winding-up, Ordinary Shares shall be repaid at nominal value plus £500,000 each in priority to Deferred Shares.

GROUP AND COMPANY	Ordinary Shares Number	Deferred Shares Number	Total Number
At 1 April 2017	288,103,959	2,478,086	290,582,045
New shares issued	904,395	—	904,395
At 31 March 2018	**289,008,354**	**2,478,086**	**291,486,440**
New shares issued	**83,346**	**—**	**83,346**
At 31 March 2019	**289,091,700**	**2,478,086**	**291,569,786**

23. Share capital and premium continued

Share class rights continued

GROUP AND COMPANY	Ordinary Shares £'000	Deferred Shares £'000	Share premium £'000	Total £'000
At 1 April 2017	72,026	620	46,236	118,882
New shares issued	226	—	—	226
At 31 March 2018	**72,252**	**620**	**46,236**	**119,108**
New shares issued	**20**	**—**	**—**	**20**
At 31 March 2019	**72,272**	**620**	**46,236**	**119,128**

Movements in share capital and premium

During the year ended 31 March 2019, 83,346 (year ended 31 March 2018: 904,395) shares with nominal value of 25 pence were issued to employee benefit trusts.

During the year ended 31 March 2019, no Ordinary Shares were converted to Deferred Shares in accordance with the terms of grant to employees who have now left the Group (31 March 2018: nil).

24. Own shares held in trust

GROUP	Number	£'000
Ordinary Shares of 25p		
At 1 April 2017	614,167	466
Acquisition	77,840	104
Utilisation	(18,637)	(3)
At 31 March 2018	**673,370**	**567**
Acquisition	**164,054**	**130**
Utilisation	**(329,831)**	**(93)**
At 31 March 2019	**507,593**	**604**

The shares are held by various employee benefit trusts for the purpose of encouraging or facilitating the holding of shares in the Company for the benefit of employees and the trustees will apply the whole or part of the trust's funds to facilitate dealing in shares by such beneficiaries.

25. Other reserves

GROUP	Translation reserve £'000	Net investment hedging reserve £'000	Available-for-sale reserve £'000	FVOCI reserve £'000	Merger reserve £'000	Total £'000
At 1 April 2017	8,386	(8,639)	(3)	—	(47,800)	(48,056)
Currency translation differences	(3,093)	—	—	—	—	(3,093)
Gains on net investment hedges	—	1,755	—	—	—	1,755
Losses on financial investments	—	—	(58)	—	—	(58)
At 31 March 2018	**5,293**	**(6,884)**	**(61)**	**—**	**(47,800)**	**(49,452)**
Reclassification	**—**	**—**	**61**	**(61)**	**—**	**—**
Currency translation differences	**38**	**—**	**—**	**—**	**—**	**38**
Losses on net investment hedges	**—**	**(499)**	**—**	**—**	**—**	**(499)**
Gains on financial investments	**—**	**—**	**—**	**84**	**—**	**84**
At 31 March 2019	**5,331**	**(7,383)**	**—**	**23**	**(47,800)**	**(49,829)**

Translation reserve

The translation reserve is comprised of translation differences on foreign currency net investments held by the Group.

25. Other reserves continued

Net investment hedging reserve

Overseas net investments are hedged using forward foreign exchange contracts. Gains and losses on instruments used to hedge these overseas net investments are shown in the net investment hedging reserve. These instruments hedge balance sheet translation risk, which is the risk of changes in reserves due to fluctuations in currency exchange rates. All changes in the fair value of these hedging instruments were treated as being effective under IFRS 9 'Financial Instruments'.

Available-for-sale reserve – until 31 March 2018

Changes in the fair value and exchange differences arising on translation of investments that were classified as available-for-sale financial assets (such as debt investments) were recognised in OCI and accumulated in a separate reserve within other reserves. Amounts were reclassified to profit or loss when the associated assets were sold or impaired.

FVOCI reserve

The Group has certain debt investments measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within other reserves. The accumulated changes in fair value are transferred to profit or loss when the investments are derecognised or impaired.

Merger reserve

The merger reserve arose following a corporate restructure in 2005 when a new holding company, CMC Markets plc, was created to bring all CMC companies into the same corporate structure. The merger reserve represents the difference between the nominal value of the holding company's share capital and that of the acquired companies.

26. Cash generated from/(used in) operations

	GROUP		COMPANY	
	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000	**Year ended 31 March 2019 £'000**	Year ended 31 March 2018 £'000
Cash flows from operating activities				
Profit before taxation	**6,329**	60,064	**20,558**	42,064
Adjustments for:				
Interest income	**(3,444)**	(2,114)	**(267)**	(253)
Dividends received	**—**	—	**(21,090)**	(42,168)
Finance costs	**1,442**	1,173	**750**	402
Depreciation	**5,989**	5,628	**—**	—
Amortisation of intangible assets	**1,336**	1,182	**—**	—
Research and development tax credit	**(233)**	(333)	**—**	—
Other non-cash movements including exchange rate movements	**179**	357	**—**	—
Share-based payment	**800**	1,773	**—**	—
Changes in working capital				
Increase in trade and other receivables	**(70,610)**	(18,659)	**(197)**	(14,249)
Decrease/(increase) in amounts due from brokers	**68,852**	(37,497)	**—**	—
Increase/(decrease) in trade and other payables	**8,297**	57,666	**(6)**	10,345
Increase/(decrease) in net derivative financial instruments	**4,673**	(5,269)	**—**	—
Increase in provisions	**426**	271	**—**	—
Cash generated from/(used in) operations	**24,036**	64,242	**(252)**	(3,859)

The movement in trade and other receivables for the year ended 31 March 2019 also includes £310,000 (31 March 2018: £310,000) of exceptional litigation income received during the year. This exceptional income was recognised in the year ended 31 March 2016.

27. Financial instruments

Analysis of financial instruments by category

The following tables analyse financial assets and liabilities in accordance with the categories of financial instruments on an IFRS 9 basis at 31 March 2019 and on an IAS 39 basis at 31 March 2018.

	31 March 2019			
GROUP	Assets at FVOCI £'000	Assets at FVPL £'000	Assets at amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	—	48,729	48,729
Financial investments	22,013	66	—	22,079
Amounts due from brokers	—	—	88,035	88,035
Derivative financial instruments	—	2,885	—	2,885
Trade and other receivables excluding non-financial assets	—	—	108,777	108,777
	22,013	2,951	245,541	270,505

	31 March 2019			
	Liabilities at FVOCI £'000	Liabilities at FVPL £'000	Lliabilities at amortised cost £'000	Total £'000
Financial liabilities				
Trade and other payables excluding non-financial liabilities	—	—	(99,485)	(99,485)
Derivative financial instruments	(317)	(3,986)	—	(4,303)
Borrowings excluding finance lease liabilities	—	—	(720)	(720)
Finance lease liabilities	—	—	(1,615)	(1,615)
	(317)	(3,986)	(101,820)	(106,123)

	31 March 2018				
GROUP	Available for sale £'000	Assets at FVPL £'000	Derivatives held for hedging £'000	Loans and receivables £'000	Total £'000
Financial assets					
Cash and cash equivalents	—	—	—	60,468	60,468
Financial investments	21,152	—	—	—	21,152
Amounts due from brokers	—	—	—	156,887	156,887
Derivative financial instruments	—	7,335	—	—	7,335
Trade and other receivables excluding non-financial assets	—	—	—	42,112	42,112
	21,152	7,335	—	259,467	287,954

	31 March 2018			
	Liabilities at FVPL £'000	Derivatives held for hedging £'000	Financial liabilities at amortised cost £'000	Total £'000
Financial liabilities				
Trade and other payables excluding non-financial liabilities	—	—	(90,419)	(90,419)
Derivative financial instruments	(3,763)	(159)	—	(3,922)
Borrowings excluding finance lease liabilities	—	—	(1,166)	(1,166)
Finance lease liabilities	—	—	(2,454)	(2,454)
	(3,763)	(159)	(94,039)	(97,961)

27. Financial instruments continued

Maturity analysis

GROUP	31 March 2019 On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	48,729	—	—	—	48,729
Financial investments	—	66	10,260	11,095	21,421
Amounts due from brokers	88,035	—	—	—	88,035
Derivative financial instruments	—	2,885	—	—	2,885
Trade and other receivables	91,290	945	13,849	2,693	108,777
	228,054	3,896	24,109	13,788	269,847
Financial liabilities					
Trade and other payables	(99,485)	—	—	—	(99,485)
Derivative financial instruments	—	(4,303)	—	—	(4,303)
Borrowings	—	(67)	(377)	(301)	(745)
Finance lease liabilities	—	(214)	(488)	(975)	(1,677)
	(99,485)	(4,584)	(865)	(1,276)	(106,210)
Net liquidity gap	128,569	(688)	23,244	12,512	163,637

GROUP	31 March 2018 On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	60,468	—	—	—	60,468
Financial investments	—	—	9,950	10,500	20,450
Amounts due from brokers	156,887	—	—	—	156,887
Derivative financial instruments	—	7,335	—	—	7,335
Trade and other receivables	25,427	245	14,203	2,237	42,112
	242,782	7,580	24,153	12,737	287,252
Financial liabilities					
Trade and other payables	(90,419)	—	—	—	(90,419)
Derivative financial instruments	—	(3,922)	—	—	(3,922)
Borrowings	—	(72)	(404)	(746)	(1,222)
Finance lease liabilities	—	(263)	(641)	(1,677)	(2,581)
	(90,419)	(4,257)	(1,045)	(2,423)	(98,144)
Net liquidity gap	152,363	3,323	23,108	10,314	189,108

27. Financial instruments continued

Fair value estimation

The Group's assets and liabilities that are measured at fair value are derivative financial instruments, financial investments in UK government securities and Equity securities. The table below categorises those financial instruments measured at fair value based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	31 March 2019			
GROUP	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial investments	22,013	—	66	22,079
Derivative financial instruments (current assets)	—	2,885	—	2,885
Derivative financial instruments (current liabilities)	—	(4,303)	—	(4,303)
	22,013	(1,418)	66	20,661

	31 March 2018			
GROUP	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial investments	21,152	—	—	21,152
Derivative financial instruments (current assets)	—	7,335	—	7,335
Derivative financial instruments (current liabilities)	—	(3,922)	—	(3,922)
	21,152	3,413	—	24,565

28. Financial risk management

The Group's day-to-day business activities naturally expose it to strategic, financial (including credit, counterparty, market and liquidity) and operational risks. The Board accepts that it cannot place a cap or limit on all of the risks to which the Group is exposed. However, effective risk management ensures that risks are managed to an acceptable level. The Board is ultimately responsible for the implementation of an appropriate risk strategy, defining and communicating the Group's risk appetite, the establishment and maintenance of effective systems and controls, and continued monitoring of the adherence to Group policies. The Group has adopted a standard risk process, through a five-step approach to risk management: risk identification; risk assessment; risk management; risk reporting; and risk monitoring. The approach to managing risk within the business is governed by the Board-approved Risk Appetite Statement and Risk Management Framework.

The Board sets the strategy and the policies for managing these risks and delegates the monitoring and management of these risks to various Committees including the Risk Management Committee, which in turn reports to the Group Risk Committee.

The Group's ICAAP review document is prepared under the requirements set out in the Financial Conduct Authority ("FCA") Rulebook in accordance with CRD IV[1]. A key purpose of an ICAAP review document is to inform a firm's board of the ongoing assessment of the firm's risks, how the firm intends to mitigate those risks, and how much current and future capital is necessary to hold against those risks. This is achieved by considering potential stresses as well as mitigating factors.

Financial risks arising from financial instruments are categorised into market, credit, counterparty and liquidity risks which, together with how the Group categorises and manages these risks, are described below.

1 The Capital Requirements Directive (2013/36/EU) ("CRD") and the Capital Requirements Regulation (575/2013) ("CRR"), called "CRD IV".

28. Financial risk management continued

Market risk

Market risk is defined as the risk that the value of our residual portfolio will decrease due to the change in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.

Market price risk

This is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices other than due to currency or interest rate risk.

Mitigation of market risk

The Group benefits from a number of factors which also reduce the volatility of its revenue and protect it from market shocks as follows:

- Natural mitigation of concentration
  The Group acts as a market maker in around 10,000 instruments, specifically equities, equity indices, commodities, treasuries, foreign exchange and cryptocurrencies. Due to the high level of notional turnover there is a high level of internal crossing and natural aggregation across instruments and asset classes to mitigate significant single instrument concentration risk within the portfolio.
- Natural aggregation
  In the year ended 31 March 2019, the Group traded with around 53,000 clients. This large international client base has a diverse range of trading strategies resulting in the Group enjoying a high degree of natural aggregation between clients. This "portfolio effect" leads to a significant reduction in the Group's net market risk exposure.
- Ease of hedging
  The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily neutralise market risk exposure through its prime broker ("PB") arrangements. In order to avoid over-reliance on one arrangement the Group has six PB relationships. For instruments where there is no equivalent underlying market (e.g. Countdowns) the Group controls its risk through setting low position/exposure limits. This is further augmented by dealer monitoring and intervention, which can take the form of restricting the size offered or, if deemed necessary, restricting the clients' ability to take a position in an instrument.

Market risk limits

Market risk positions are managed in accordance with the Group's Risk Appetite Statement and Group Risk Management Framework to ensure that the Group has sufficient capital resources to support the calculated market risk capital requirement as well as staying within the risk appetite. The Group manages this component under notional position limits that are set on an instrument and asset class level with overarching capital-based limits.

Client exposures can vary significantly over a short period of time and are highly dependent on underlying market conditions. The Group's own funds requirement ("OFR") is calculated as per the CRR. It has increased against the prior year but remains within the Board-approved risk appetite.

GROUP OFR	31 March 2019 £'000	31 March 2018 £'000
Asset class		
Consolidated equities	26,530	3,974
Commodities	4,388	3,569
Fixed income and interest rates	1,740	533
Foreign exchange	15,139	3,882
Countdowns and Digital 100s	—	7
Cryptocurrencies	109	—
	47,906	11,965

Market price risk – stress testing

Group Financial Risk conducts market price risk stress testing on a daily basis. The stress testing approach is tailored according to the asset class and the client behaviour to ensure the most suitable stress testing model is used. For example longer/shorter holding periods, intraday movements or end-of-day positions, historical volatility or Conditional Value at Risk ("CVaR")/Expected Tail Loss ("ETL") (for severe market movements). It should be noted that the Group not only runs likely and probable scenarios but also extreme case stress scenarios, where the stress factors simulate almost 'black swan' type events to ensure capital adequacy would be maintained.

None of the stress tests run through the year implied any significant risk to the capital adequacy or ongoing profitability of the Group.

28. Financial risk management continued

Non-trading book interest rate risk

Interest rate risk arises from either less interest being earned or more being paid on interest-bearing assets and liabilities due to a change in the relevant floating rate.

Interest rate risk is felt by the Group through a limited number of channels: income on segregated client and own funds; debits on client balances that are over a pre-defined threshold; and changes to the value of fixed rate UK government securities held.

The sensitivity analysis performed is based on a reasonable and possible move in the floating rate by 0.5% upwards and 0.25% downwards. This is in line with the movement used for the year ended 31 March 2018.

This is summarised in the below table and reflects the Group's view that in the current economic environment, interest rate volatility is unlikely to have a significant impact on the profits of the Group.

Changes in interest rate variables result in a decrease/increase in the fair value of fixed rate financial assets classified as available for sale. This has no material impact on the Group's equity.

	31 March 2019	
GROUP	Absolute increase £'000	Absolute decrease £'000
Impact of	**0.50% change**	**0.25% change**
Profit after tax	**905**	**(570)**
Equity	**905**	**(570)**

	31 March 2018	
GROUP	Absolute increase £'000	Absolute decrease £'000
Impact of	0.50% change	0.25% change
Profit after tax	863	(523)
Equity	863	(523)

Non-trading book foreign exchange risk

Foreign exchange risk is the risk that the Group's results are impacted by movements in foreign exchange rates.

CMC is exposed to foreign exchange risk in the form of transaction and translation exposure.

Transaction exposure is from holdings of cash and other current assets and liabilities in a currency other than the base currency of the entity. This risk is hedged each month by the Liquidity Risk Management team according to a policy based on a cap and floor model, with gains/losses recognised in the income statement. Any foreign exchange transaction exposures are hedged in accordance with Group Foreign Exchange Hedging Policy. Given the effectiveness of the hedging programme (Income statement impact in year ended 31 March 2019: loss of £48,000; year ended 31 March 2018: gain of £311,000), no sensitivity analysis has been performed. These "fair value hedges" are derivative financial instruments and are reported as described in note 17.

Translation exposure occurs when the net assets of an entity are denominated in a foreign currency other than GBP, when the Consolidated Statement of Financial Position is prepared. The Group hedges this exposure by using FX forwards. These "net investment hedges" are derivative financial instruments and are reported as described in note 17. The unhedged portion does not pose a significant risk to the capital adequacy or to the ongoing profitability of the Group.

Credit risk

Credit risk is the risk of losses arising from a borrower or counterparty failing to meet its obligations as they fall due. Credit risk is divided into Credit and Counterparty risk. Below are the channels of credit risk the Group is exposed through:

- Institutions (Credit institution ("CIs") and Cryptocurrency counterparties); and
- Client.

Credit institution credit risk

The Group has relationships with a number of counterparties that provide prime brokerage and/or banking services (e.g. cash accounts, foreign exchange trading, credit facilities, custodian services, etc.). All these market counterparties can be described as CIs as defined by Article 4 "Definitions" in the CRR ("credit institution" is defined as an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account).

28. Financial risk management continued

Credit risk continued

Cryptocurrency counterparties credit risk

The Group began to offer cryptocurrency CFDs in 2018 and as a result has opened relationships with cryptocurrency providers in order to hedge client exposures. The Group considers these counterparties as institutions as defined in Article 4 (1) of the CRR.

CIs and cryptocurrency counterparties credit risk can be felt in the following ways:

- For CIs used as a bank and those as a broker, the Group does not receive the funds the CIs hold on the Group's account.
- For CIs used as a prime broker, a default will result in a loss of any unrealised profits and could causes the need to re-hedge at a different broker at a different price.
- For Cryptocurrency counterparties, the loss of physical assets (cryptocurrencies).

Mitigation of CIs credit risk

To mitigate or avoid a credit loss:

- The Group maintains, where practical, a range of relationships to reduce over-reliance on a single CI – as detailed in the Group Counterparty Concentration Risk Policy.
- The Group monitors the credit worthiness of the credit institution and reviews counterparties at least annually – as detailed in the Group Hedge Counterparty Selection Policy.

Contractual losses can be reduced by the "close-out netting" conditions in the ISDA and broker agreements. If a specified event of default occurs, all transactions or all of a given type are terminated and netted (i.e. set off against each other) at market value or, if otherwise specified in the contract or if it is not possible to obtain a market value, at an amount equal to the loss suffered by the non-defaulting party in replacing the relevant contract.

In order to manage both Credit Risk and Counterparty Credit Risk within appetite the Group sets a limit, articulated in a policy, against the total balance that can be held with each rated institution. The limit is expressed as a maximum percentage of capital. Liquidity Risk Management monitors the credit quality of all CIs, by tracking the credit ratings issued by Standard & Poor's and Fitch rating agencies and the credit default swap ("CDS") spreads determined in the CDS market. Credit ratings, rating outlooks and CDS spreads are reported to senior management on a weekly basis with any changes highlighted.

All CIs that the Group transacts with are of investment grade quality; however, no quantitative credit rating limits are set by the Group that CIs must exceed because the choice of suitable CIs is finite and therefore setting minimum rating limits could lead to the possibility that no CIs are able to meet them. As an alternative, the Group reviews negative rating action and large CDS spread widening to CIs on a case-by-case basis. Should an institution's credit rating falls below investment grade, the Risk Management Committee will be called and options discussed. Possible actions by the Group to reduce exposure to CIs depend on the nature of the relationship and the practical availability of substitute CIs. Possible actions include the withdrawal of cash balances from a CI on a daily basis, switching a proportion of hedge trading to another prime broker CI or ceasing all commercial activity with the CI.

The tables below present CMC Markets' exposure to credit institutions (or similar) based on their long-term credit rating:

	31 March 2019			
GROUP	Cash and cash equivalents (net of bank overdraft) £'000	Amounts due from brokers £'000	Net derivative financial instruments £'000	Total £'000
AA+ to AA-	33,151	—	—	33,151
A+ to A-	13,721	40,633	(1,068)	53,286
BBB+ to BBB-	1,838	43,416	(350)	44,904
Unrated	19	3,986	—	4,005
	48,729	88,035	(1,418)	135,346

28. Financial risk management continued

Credit risk continued

Mitigation of CIs credit risk continued

	31 March 2018			
GROUP	Cash and cash equivalents (net of bank overdraft) £'000	Amounts due from brokers £'000	Net derivative financial instruments £'000	Total £'000
AA+ to AA-	22,979	—	—	22,979
A+ to A-	6,963	113,000	2,735	122,698
BBB+ to BBB-	30,526	41,164	678	72,368
Unrated	—	2,723	—	2,723
	60,468	156,887	3,413	220,768

No cash balances or deposits with institutions were considered past due but not impaired or impaired (year ended 31 March 2018: £nil).

Client credit risk

The Group operates a real-time mark-to-market leveraged trading facility where clients are required to lodge collateral against positions, with any profits and losses generated by the client credited and debited automatically to their account. As with any leveraged product offering, there is the potential for a client to lose more than the collateral lodged.

Client risk captures the risk associated with a client defaulting on its obligations due to the Group. As the Group does not offer most of its retail clients credit terms and has a robust liquidation process, client counterparty credit risk will in general only arise when markets and instruments gap and the movement in the value of a client's leveraged portfolio exceeds the value of equity that the client has held at the Group leaving the client account in deficit.

'Negative balance protection' accounts do not pose Credit Risk to the Group as the maximum loss for this account type is limited to their account value.

Mitigation of client credit risk

- Liquidation process

  This is the automated process of closing a client's open position if the total equity is not enough to cover a predefined percentage of required margin for the portfolio held.

  Pre-emptive processes are also in place where a client's free equity (total equity less total margin requirement) becomes negative[1]. At this point the client is requested to deposit additional funds and is restricted from increasing their position.

1 Clients in some regions may use limited risk accounts, where it is guaranteed that a client cannot move to a negative equity balance.

- Tiered margin

  Tiered margin was implemented in September 2013 on the Next Generation platform. It enables the Group to set higher margin rates (therefore requiring a client to lodge more collateral) against positions that are deemed to be more risky due to risk profile, which could be due to size relative to the underlying turnover, the Group's risk appetite or volatility of the instrument.

- Position limits

  Position limits can be implemented on an instrument and client level on the Next Generation platform. The instrument level enables the Group to control the total exposure the Group acquires in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument or asset class.

Client credit risk stress testing

None of the stress tests run through the year implied any significant risk to the capital adequacy or to the ongoing profitability of the Group.

28. Financial risk management continued

Credit risk continued

Client debt history

The Group establishes specific provisions against debts due from clients where the Group determines that it is probable that it will be unable to collect all amounts owed in accordance with contractual terms of the client's agreements. Net debt provided for in the year ended 31 March 2019 amounted to £1,126,000 (year ended 31 March 2018: £323,000), the provision representing 0.7% of total revenue (year ended 31 March 2018: 0.2%). Bad debt written off during the year ended 31 March 2019 was £562,000 or 0.3% of revenue (year ended 31 March 2018: £850,000, 0.4% of revenue).

The table below details the movement on the Group provision for impairment of trade receivables:

GROUP	31 March 2019 £'000	31 March 2018 £'000
Opening provision	2,964	3,491
Net debt provided	1,126	323
Debt written off	(562)	(850)
Closing provision	3,528	2,964

Debt ageing analysis

The Group works efficiently to minimise the effects of client debts on the Company's profit and loss. Client debts are managed very early in their life cycle in order to minimise the likelihood of them becoming doubtful debts or of being written off. There are no debts past due which have not been impaired. The following table sets out ageing of debts that are past due and the provisions charged against them:

	31 March 2019	
GROUP	Debt £'000	Provision £'000
Less than one month	1,406	34
One to three months	286	171
Three to 12 months	294	232
Over 12 months	6,199	3,091
	8,185	3,528

	31 March 2018	
GROUP	Debt £'000	Provision £'000
Less than one month	3,178	2
One to three months	1,166	481
Three to 12 months	241	192
Over 12 months	2,870	2,289
	7,455	2,964

Liquidity risk

Liquidity risk is the risk that there is insufficient available liquidity to meet the obligations of the Group as they fall due.

Liquidity is managed centrally for the Group by the Liquidity Risk Management team. The Group utilises a combination of liquidity forecasting and stress testing (formally documented in the Individual Liquidity Adequacy Assessment ("ILAA")) to ensure that it retains access to sufficient liquid resources in both normal and stressed conditions to meet its liabilities as they fall due. Liquidity forecasting fully incorporates the impact of liquidity regulations in force in each jurisdiction and other impediments to the free movement of liquidity around the Group, including its own protocols on minimum liquidity to be retained by overseas entities.

Stress testing is undertaken on a quarterly basis upon a range of individual and combined, firm-specific and market-wide, short and medium-term scenarios that represent plausible but severe stress events to ensure the Group has appropriate sources of liquidity in place to meet such events.

28. Financial risk management continued

Liquidity risk continued

Due to the risk management strategy adopted and the changeable scale of the client trading book, the largest and most variable consumer of liquidity is PB margin requirements. The collateral calls are met in cash from own funds but to ensure liquidity is available for extreme spikes, the Group has a committed bank facility of £40.0 million to meet short-term liquidity obligations to PBs in the event that it does not have sufficient access to own cash and to leave a sufficient liquidity buffer to cope with a stress event.

The Group does not actively engage in maturity transformation as part of its underlying business model and therefore maturity mismatch of assets and liabilities does not represent a material liquidity risk.

Own funds

Own funds is a key measure the Group uses to monitor the overall level of liquidity available to the Group. Own funds includes investments in UK government securities which are held to meet the Group's liquid asset buffer ("LAB" – as set by the FCA). These UK government securities are BIPRU 12.7 eligible securities and are available to meet liabilities which fall due in periods of stress. The derivation of own funds is shown in the table below:

GROUP	31 March 2019 £'000	31 March 2018 £'000
Cash and cash equivalents (net of bank overdraft)	48,729	60,468
Amount due from brokers	88,035	156,887
Financial investments	22,079	21,152
Derivative financial instruments (current assets)	2,885	7,335
	161,728	245,842
Less: title transfer funds	(7,632)	(48,023)
Less: derivative financial instruments (current liabilities)	(4,303)	(3,922)
Own funds	**149,793**	193,897

The following Own Funds Flow Statement summarises the Group's generation of own funds during each year and excludes all cash flows in relation to monies held on behalf of clients. Additionally, short-term financial investments, amounts due from brokers and amounts receivable/(payable) on the derivative financial instruments have been included within "own funds" in order to provide a clear presentation of the Group's potential cash resources.

Liquidity risk

GROUP	31 March 2019 £'000	31 March 2018 £'000
Operating activities		
Profit before tax	6,329	60,064
Adjustments for:		
Finance costs	1,442	1,173
Depreciation and amortisation	7,325	6,810
Other non-cash adjustments	672	1,288
Tax paid	(7,590)	(13,787)
Own funds generated from operating activities	8,178	55,548
Movement in working capital	(21,393)	(4,882)
(Outflow)/inflow from investing activities		
Net purchase of property, plant and equipment and intangible assets	(6,711)	(12,116)
Proceeds from issuance of Ordinary Shares	—	42
Other (outflow)/inflow from investing activities	(341)	2,206
Outflow from financing activities		
Interest paid	(1,442)	(1,173)
Dividends paid	(21,092)	(25,719)
Other outflow from financing activities	(1,395)	(1,012)
Total outflow from investing and financing activities	(30,981)	(37,772)
(Decrease)/increase in own funds	(44,196)	12,894
Own funds at the beginning of the year	193,897	183,370
Effect of foreign exchange rate changes	92	(2,367)
Own funds at the end of the year	149,793	193,897

28. Financial risk management continued

Capital management

The Group's objectives for managing capital are as follows:

- to comply with the capital requirements set by the financial market regulators to which the Group is subject;
- to ensure that all Group entities are able to operate as going concerns and satisfy any minimum externally imposed capital requirements; and
- to ensure that the Group maintains a strong capital base to support the development of its business.

The capital resources of the Group consist of equity, being share capital reduced by own shares held in trust, share premium, other reserves and retained earnings, which at 31 March 2019 totalled £205,080,000 (31 March 2018: £220,030,000).

The Group is supervised on a consolidated basis by the FCA.

The Group's ICAAP, prepared under the requirements of the FCA and the Capital Requirements Directive, is an ongoing assessment of CMC Markets' risks and risk mitigation strategies, to ensure that adequate capital is maintained against risks that the Group wishes to take to achieve its business objectives.

The outcome of the ICAAP is presented as an Internal Capital Assessment document covering the Group. It is reviewed and approved by the Board on an annual basis.

Further information on the Group's management of regulatory capital is provided in the "Pillar 3 Disclosure" report, which is available on the CMC Markets plc website (www.cmcmarkets.com/group). The Group's country-by-country reporting disclosure is also available in the same location on the website.

29. Share-based payment

The Company operates both equity and cash settled share options schemes for certain employees including Directors.

Current awards have been granted under the terms of the Management Equity Plan 2015 ("2015 MEP"), the UK Share Incentive Plan ("UK SIP") and the International Share Incentive Plan ("Australian SIP"). Equity settled schemes are offered to certain employees, including Executive Directors in the UK and Australia and automatically vest on vest date subject to conditions described below for each scheme. Cash settled schemes are offered to certain employees outside of the UK and Australia. Equity schemes for UK employees are settled net of employee taxes due.

Income statement charge for share-based payments

The total charge costs relating to these schemes for the year ended 31 March 2019 was £817,000 (year ended 31 March 2018: £3,003,000).

For the year ended 31 March 2019 the charge relating to equity-settled share-based payments was £800,000 (year ended 31 March 2018: £1,773,000) and the charge relating to cash-settled share-based payments was £17,000 (year ended 31 March 2018: £1,230,000).

No shares were gifted to employees during the year (year ended 31 March 2018: nil).

Current schemes

2015 MEP

Share options granted under the 2015 MEP have been in the form of "non-market performance" or a combination of "non-market performance" and "market performance" awards. The Remuneration Committee approves any awards made under the 2015 MEP. Current schemes are:

- Executive Retention Scheme: awards to certain Executive Directors which were granted at listing and in November 2016. The only vesting condition of the shares granted at listing is that the Executive Directors remain employed by the Group. The options have dividend equivalence where additional shares will be awarded in place of dividends on vesting. Equity settled awards made in November 2016, July 2017 and July 2018 are a combination of "market performance" and "non-market performance" awards. The awards are based on three performance conditions: total shareholder return ("TSR"), diluted earnings per share and customer satisfaction measures, and in addition the employee must remain employed by the Group.
- Long Term Incentive Plan: awards to senior management and critical staff, excluding Executive Directors, which were granted at listing and in November 2016. The only vesting condition of the awards made at listing is that the employees remain employed by the Group. The options have dividend equivalence where additional shares will be awarded in place of dividends on vesting. Equity settled awards made in November 2016, July 2017, March 2018 and July 2018 are a combination of "market performance" and "non-market performance" awards. The awards are based on up to three performance conditions: total shareholder return ("TSR"), diluted earnings per share and customer satisfaction measures, and in addition the employee must remain employed by the Group.

29. Share-based payment continued

Current schemes continued

2015 MEP continued

The fair value of awards made under the TSR criteria for the schemes granted above was calculated using an options pricing model and was 29.2 pence per option for the November 2016 scheme, 27.9 pence per option for the July 2017 scheme and 37.8 pence per option for the July 2018 scheme. The significant inputs into the model were share price at grant date of 192.5 pence, volatility of 39%, and an expected option life of three years for the November 2016 scheme, share price at grant date of 147.3 pence, volatility of 48%, and an expected option life of three years for the July 2017 scheme and share price at grant date of 204.7 pence, volatility of 44%, and an expected option life of three years for the July 2018 scheme.

			Number					
Scheme	Share price at award	Vesting date	At the start of the year	Awarded during the year	Forfeited during the year	Dividend equivalent awarded during the year	Exercised during the year	At the end of the year
Executive Retention Scheme	192.5p	13 September 2019	306,147	—	—	16,422	—	322,569
Executive Retention Scheme	147.3p	27 July 2020	871,565	—	—	46,751	—	918,316
Executive Retention Scheme	204.7p	5 July 2021	—	369,442	—	19,817	—	389,259
Long Term Incentive Plan	192.5p	13 September 2019	339,566	—	(49,271)	12,409	—	302,704
Long Term Incentive Plan	147.3p	27 July 2020	2,059,663	—	(91,768)	88,108	—	2,056,003
Long Term Incentive Plan	154.3p	1 April 2020	338,430	—	—	5,450	—	343,880
Long Term Incentive Plan	154.3p	1 April 2021	338,430	—	—	5,450	—	343,880
Long Term Incentive Plan	204.7p	5 July 2021	—	637,290	(58,622)	27,317	—	605,985
Total			4,253,801	1,006,732	(199,661)	221,724	—	5,282,596

No awards for the Executive Retention Scheme and the Long Term Incentive Plans in the above table vested during the year.

In addition, cash settled awards were granted on listing of which 105,000 vested on 5 February 2019. Four further tranches of cash settled awards have been granted and vest in periods from April 2020 to July 2021. Balances of 40,035 awards, 152,338 awards, 121,510 awards and 59,187 awards in each of the four tranches remained at the end of the period. All of these awards benefit from dividend equivalence. The value of these awards is the share price on the date these awards vest.

UK and Australia SIP awards

SIP awards of £3,600 of free shares were made to all eligible UK employees at listing on 11 February 2016. An equivalent of £3,600 of free shares was also made to all eligible Australian employees on 10 May 2016. All free shares vested in February 2019, three years after listing should the employees have remained employed by the Group as at the vest date. Shares awarded under the UK scheme are held in trust in accordance with UK tax authority conditions and all shares awarded under the Australian scheme are held in a UK trust. Employees are entitled to receive dividends in the form of additional shares on the shares held in trust as long as they remain employees.

UK employees were also invited to subscribe for up to £1,800 of partnership shares relating to each of the tax years to 5 April 2016, 5 April 2017, 5 April 2018 and 5 April 2019 with the Company matching on a one-for-one basis. All matching shares vest after three years should the employee remain employed by the Group for the term of the award.

Australian employees were invited to subscribe for up to the equivalent of £1,800 of investment shares on 5 July 2016, 5 April 2017 and 5 April 2018 with the Company matching on a one-for-one basis. Matching shares for each scheme vest on 5 April 2019, 5 April 2020 and 5 April 2021 should the employee remain employed by the Group for the term of the award.

29. Share-based payment continued

Current schemes continued

UK and Australia SIP Awards continued

Country of award	Award date	Share price at award	Vesting period/date	Number: At the start of the year	Awarded during the year	Forfeited during the year	Exercised during the year	At the end of the year
UK	11 February 2016	240.0p	10 February 2019	330,000	—	(69,000)	(261,000)	—
UK	April 2016 to March 2017	285.3p to 112.6p	April 2019 to March 2020	163,878	—	(17,795)	(1,450)	144,633
UK	April 2017 to March 2018	171.4p to 115.3p	April 2020 to March 2021	126,840	—	(12,313)	(1,037)	113,490
UK	April 2018 to March 2019	85.5p to 204.5p	April 2021 to March 2022	—	113,462	(3,721)	—	109,741
Australia	10 May 2016	250.5p	10 February 2019	102,027	—	(18,681)	(83,346)	—
Australia	5 July 2016	266.3p	6 April 2019	12,618	—	—	(2,704)	9,914
Australia	5 April 2017	118.0p	5 April 2020	15,219	—	—	(3,333)	11,886
Australia	5 April 2018	178.2p	5 April 2021	—	6,049	—	—	6,049
Total				750,582	119,511	(121,510)	(352,870)	395,713

The weighted share price at the exercise date of options exercised during the year ended 31 March 2019 was 117.6 pence (2018: 150.3 pence).

The fair value of SIP awards is determined to be the share price at grant date without making adjustments for dividends as awardees are entitled to dividend equivalents over the vesting period.

Movement in share options

1,347,967 new share options were granted in the year ended 31 March 2019 (2018: 4,048,933) and these are detailed above in the current schemes section. Movements in the number of share options outstanding are as follows:

GROUP	31 March 2019 Number	31 March 2018 Number
At beginning of year	5,004,383	2,934,850
Awarded (including dividend equivalents)	1,347,967	4,048,933
Forfeited	(321,171)	(445,174)
Exercised	(352,870)	(1,534,226)
At end of year	5,678,309	5,004,383

30. Retirement benefit plans

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in the income statement in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

The pension charge for these plans for the year ended 31 March 2019 was £1,465,000 (year ended 31 March 2018: £1,354,000).

31. Related party transactions

Company

The amounts outstanding with Group entities at year end were as follows:

COMPANY	31 March 2019 £'000	31 March 2018 £'000
Amounts due from Group undertakings	870	505
Amounts due to Group undertakings	(15,550)	(15,160)

Group

Transactions between the Group and its other related parties are disclosed below:

Compensation of key management personnel

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Key management compensation:		
Short-term employee benefits	1,434	2,434
Post-employment benefits	62	59
Share-based payments	121	536
	1,617	3,029
Aggregate remuneration of highest paid Director	434	903

Key management comprises the Board of CMC Markets plc only.

Directors' transactions

As at 31 March 2019, an amount was owed to CMC Markets UK plc by Peter Cruddas in relation to payments made to a third party supplier for services provided to Peter Cruddas in a personal capacity. Our best estimate of the amount due to be repaid to CMC Markets UK plc during the year ended 31 March 2020 is £158,244. No interest has been charged on this payment.

32. Operating lease commitments

GROUP	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Minimum lease payments under operating leases recognised in expense for the year	3,948	2,794

Operating lease payments represent rentals payable by the Group for office space. As on 31 March 2019, leases are negotiated for an average term of 2.7 years (31 March 2018: 4.0 years) and rentals are fixed for an average of 2.5 years (31 March 2018: 3.6 years).

The Group had outstanding commitments under non-cancellable operating leases as follows:

GROUP	31 March 2019 £'000	31 March 2018 £'000
Within one year	5,392	4,825
Within two to five years	16,464	17,498
After five years	3,289	7,003
	25,145	29,326

32. Operating lease commitments continued

Sub-lease payments:

GROUP	31 March 2019 £000	31 March 2018 £000
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	1,367	1,108

33. Contingent liabilities

The Group engages in partnership contracts that could result in non-performance claims and from time to time is involved in disputes during the ordinary course of business. Sometimes these claims can have a financially significant face value, but the Group's experience is that such claims are usually resolved without any material loss. One potentially financially significant claim has been received after the balance sheet date. The Group provides for claims where costs are likely to be incurred and there are no contingent liabilities where the Group considers any material adverse financial impact to be probable.

34. Ultimate controlling party

The Group's ultimate controlling party is Peter Cruddas by virtue of his majority shareholding in CMC Markets plc.

SHAREHOLDER INFORMATION

Group history

CMC Markets began trading in 1989 as a foreign exchange broker, led by founder Peter Cruddas. In 1996, the Group launched the world's first online retail forex trading platform, offering its clients the opportunity to take advantage of markets previously only accessible to institutional traders.

CMC Markets has since become a global leader in online trading. There have been a number of significant milestones for the Group over the past 29 years, as it has expanded into new markets around the world and continues to promote innovation and new trading technology.

In 2000, CMC Markets expanded its business to become a CFD broker. A year later, the Group launched an online financial spread betting service, becoming the first spread betting company to release the daily Rolling Cash® bet. The groundbreaking daily Rolling Cash® concept was to become an industry benchmark. In 2002, CMC Markets opened its first overseas office in Sydney, launching into the Australian market as an online CFD and forex provider. By 2007, the Group had expanded its global footprint with offices in New Zealand, Germany, Canada, Singapore and Sweden. Further global growth followed over the next few years, with offices opened across Europe – and most recently in Poland, in 2015. The Group continued to grow its product offering during the year, following the launch of its fixed-odds Countdowns product in 2015.

The Company successfully listed on the London Stock Exchange in February 2016. In April 2016 CMC Markets successfully introduced Digital 100s. Later in the year it unveiled Knock-Outs in Germany and Austria, as CMC Markets became the first CFD provider to offer the product in Germany, reinforcing its position as a global leader in innovation.

Further cementing its place as one of the industry leaders, the Group was awarded a number of important accolades during the year. In the 2016 Investment Trends UK Leveraged Trading Report, which measures customer satisfaction, CMC Markets ranked first across 17 service categories among CFD traders. The Group achieved the highest rating for overall satisfaction, mobile trading, platform features and charting in all three product segments of spread betting, CFD trading and FX. Additional notable recognition came as the Company won Financial Services Provider of the Year for the fourth successive year, an award voted for by the readers of Shares Magazine.

The Group also received Best CFD Broker for its burgeoning institutional offering, in line with one of its core strategic objectives, following on from its new CFD API technology, which was unveiled earlier in the year.

Timeline

1989 – CMC Markets begins operations in the UK

1996 – Launches the world's first online retail FX trading platform

2000 – Starts offering CFDs in the UK

2001 – Launches online spread betting service in the UK

2002 – Opens first non-UK office in Sydney, Australia

2005 – Offices opened in Beijing, Canada and Germany

2006 – Opens New Zealand office

2007 – Singapore and Sweden offices opened; and Goldman Sachs purchases 10% stake

2008 – CMC Markets (Australia) starts offering a stockbroking service following the acquisition of local stockbroker Andrew West & Co.

2010 – Next Generation platform is launched; offices opened in Italy and France; and spread betting iPhone app launched in the UK

2011 – CMC Markets wins Financial Services Provider of the Year (Shares Magazine)

2012 – Spread betting app for Android™ launched

2013 – CMC Markets wins 33 industry awards globally

2014 – CMC Markets celebrates 25 years of being a world leader in online trading

2015 – Countdowns launched; Poland and Austria offices opened; and Stockbroking Pro platform launched

2016 – CMC Markets lists on the London Stock Exchange, trading as CMCX; and Digital 100s and Knock-Outs launched

2018 – CMC Markets (Australia) completes the ANZ white label stockbroking transaction

Five-year summary

Group income statement

	For the year ended 31 March				
	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Net operating income	**130.8**	187.1	160.8	169.4	143.6
Other income	**—**	—	—	3.1	—
Operating expenses	**(123.1)**	(125.9)	(111.6)	(118.3)	(99.2)
Operating profit	**7.7**	61.2	49.2	54.2	44.4
Analysed as:					
Underlying operating profit	**7.7**	61.2	49.2	63.2	52.8
Net exceptional items	**—**	—	—	(9.0)	(8.4)
Operating profit	**7.7**	61.2	49.2	54.2	44.4
Finance costs	**(1.4)**	(1.1)	(0.7)	(0.8)	(0.9)
Profit before tax	**6.3**	60.1	48.5	53.4	43.5
Analysed as:					
Underlying profit before tax	**6.3**	60.1	48.5	62.4	51.9
Net exceptional items	**—**	—	—	(9.0)	(8.4)
Profit before tax	**6.3**	60.1	48.5	53.4	43.5
Taxation	**(0.5)**	(10.4)	(9.3)	(10.9)	(8.8)
Profit after tax	**5.8**	49.7	39.2	42.5	34.7

Other metrics

	2019	2018	2017	2016	2015
Own funds generated from operations (£m)	**8.2**	55.5	49.3	53.5	45.2
Profit margin					
Underlying PBT margin (%)	**4.8%**	32.1	30.1	36.8	36.2
PBT margin (%)	**4.8%**	32.1	30.1	31.5	30.3
Earnings per share ("EPS")					
Basic earnings per share (pence)	**2.0**	17.3	13.7	15.1	12.4
Diluted earnings per share (pence)	**2.0**	17.1	13.6	15.0	12.4
Dividend per share					
Interim dividend per share (pence)	**1.35**	2.98	2.98	3.57	2.14
Final dividend per share (pence)	**0.68**	5.95	5.95	5.36	3.57
Ordinary dividend per share (pence)	**2.03**	8.93	8.93	8.93	5.71
Special dividend per share (pence)	**—**	—	—	1.79	—
Total dividend per share (pence)	**2.03**	8.93	8.93	10.72	5.71

Client metrics

	2019	2018	2017	2016	2015
Revenue per active client (£)	**2,068**	2,964	2,517	2,828	2,716
Number of active clients	**53,308**	59,165	60,082	57,329	50,303
Value of trades (£bn)	**2,259**	2,587	2,016	2,071	1,626
Number of trades (m)	**64.5**	68.4	62.7	66.8	44.6

Five-year summary continued

Statement of financial position

	As at 31 March				
	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
ASSETS					
Non-current assets					
Intangible assets	**5.0**	4.4	2.1	2.6	3.7
Property, plant and equipment	**18.1**	20.7	18.2	16.4	17.4
Deferred tax assets	**11.6**	8.8	8.1	7.7	7.5
Financial investments	**11.3**	10.8	—	—	—
Trade and other receivables	**2.7**	2.2	—	—	—
	48.7	46.9	28.4	26.7	28.6
Current assets					
Trade and other receivables	**118.0**	48.0	31.6	20.9	18.7
Derivative financial instruments	**2.9**	7.3	1.9	0.8	3.3
Current tax recoverable	**3.4**	—	—	—	—
Financial investments	**10.7**	10.3	20.3	20.4	—
Amounts due from brokers	**88.1**	156.9	119.4	84.2	109.8
Cash and cash equivalents	**48.7**	60.5	53.2	78.3	38.6
	271.8	283.0	226.4	204.6	170.4
Total assets	**320.5**	329.9	254.8	231.3	199.0
LIABILITIES					
Current liabilities					
Trade and other payables	**100.6**	91.8	36.3	34.6	38.8
Derivative financial instruments	**4.3**	3.9	3.3	5.0	0.8
Borrowings	**1.1**	1.3	5.8	1.4	1.4
Current tax payable	**—**	2.3	5.5	7.8	3.5
Short-term provisions	**0.2**	0.1	0.4	0.2	4.3
	106.2	99.4	51.3	49.0	48.8
Non-current liabilities					
Trade and other payables	**4.8**	5.5	3.1	3.5	3.9
Borrowings	**1.2**	2.3	3.0	1.1	2.5
Deferred tax liabilities	**1.2**	0.7	—	—	0.1
Long-term provisions	**2.0**	2.0	1.6	1.4	1.4
	9.2	10.5	7.7	6.0	7.9
Total liabilities	**115.4**	109.9	59.0	55.0	56.7
EQUITY					
Total equity	**205.1**	220.0	195.8	176.3	142.3
Total equity and liabilities	**320.5**	329.9	254.8	231.3	199.0

Proposed final dividend for the year ended 31 March 2019

Ex-dividend date: Thursday 1 August 2019

Record date: Friday 2 August 2019

Dividend payment date: Friday 6 September 2019

Annual General Meeting

The 2019 AGM is to be held at 133 Houndsditch, London EC3A 7BX, at 10.00am on Thursday 25 July 2019

Registrars/shareholder enquiries

Link Asset Services can be contacted to deal with any questions regarding your shareholding using the contact details listed below. Alternatively, you can access www.cmcmarketsshares.com, where you can view and manage all aspects of your shareholding securely.

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Calls cost 12 pence per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am–5.30pm, Monday to Friday excluding public holidays in England and Wales.

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SHAREHOLDER INFORMATION continued

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