

# **IG Trading and Investments Limited**

## **IFPR Disclosures**

For the year ending 31 May 2024



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# Overview

## 1.1 Introduction

The disclosures included in this document are prepared in accordance with the Financial Conduct Authority (FCA) MIFIDPRU 8 standards.

The disclosures aim to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key information on the firm's capital adequacy, risk assessment and control processes.

## 1.2 Scope and frequency of disclosures

### 1.2.1 Scope

The disclosures are made in respect of IG Trading and Investments Limited (IG T&I) for the year ended 31 May 2024. IG T&I is a Non-SNI MIFIDPRU Investment Firm regulated by the Financial Conduct Authority (FCA).

IG T&I is a wholly owned subsidiary of Market Data Limited and its ultimate parent company is IG Group Holdings plc. References to "the Group" are to IG Group Holdings plc together with all its subsidiary undertakings which can be seen under section 1.2.3.

IG T&I was authorised by the Financial Conduct Authority (FCA) on 23 December 2021 and is classified as a Non-SNI MIFIDPRU Investment Firm. IG T&I had not commenced trading activity until IG T&I purchased the stock trading and investments business of IG Markets Limited, a fellow Group company, in Aug 2022.

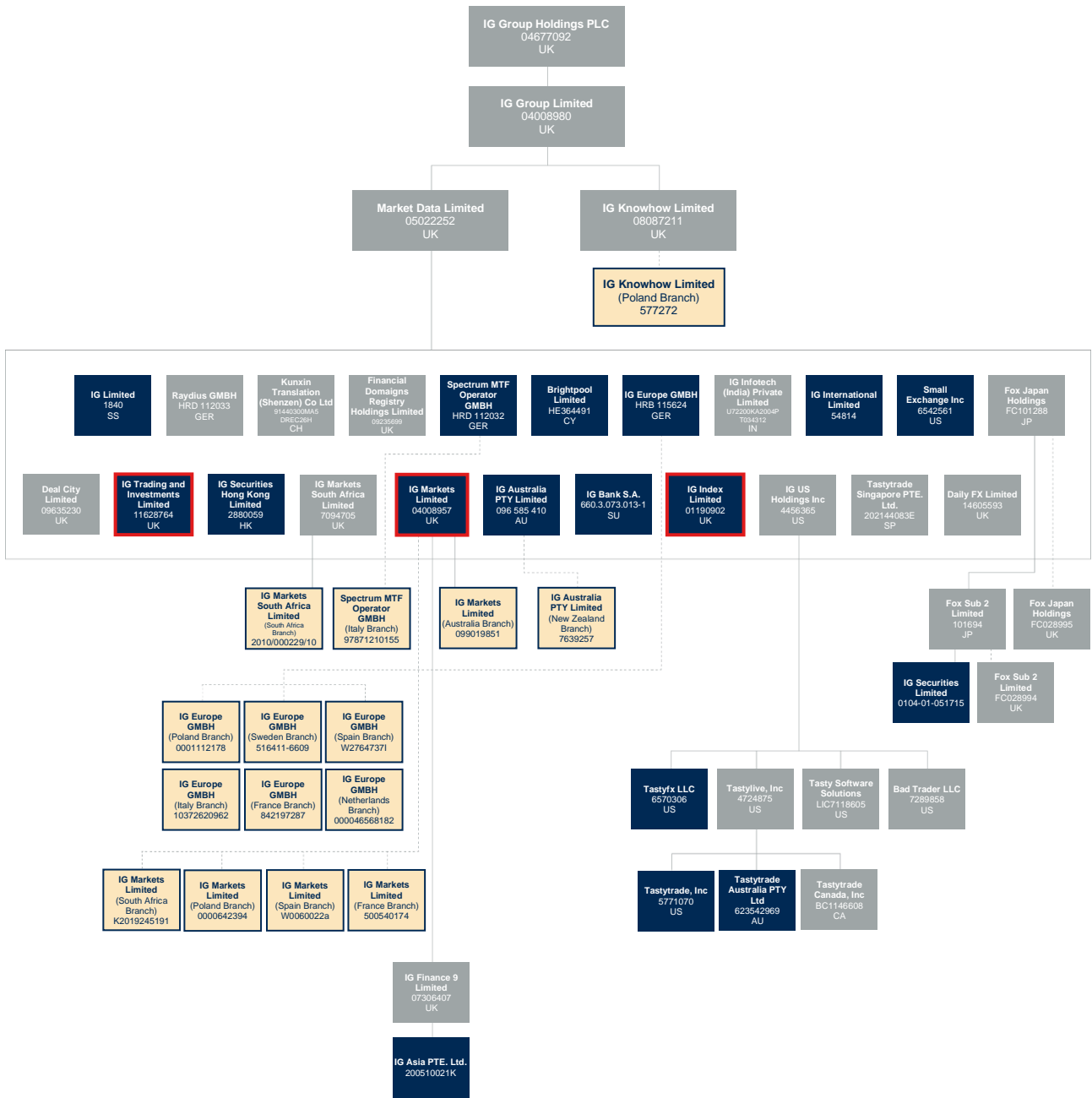
### 1.2.2 Frequency

In accordance with MIFIDPRU 8.1.7, the disclosures are made on an individual basis and published on IG's corporate website ([www.iggroup.com](http://www.iggroup.com)) on an annual basis in conjunction with the annual solvency statement submitted to the FCA in accordance with SUP 16.12.

Information is disclosed by IG T&I unless it does not apply or is considered by the Group Executive Risk Committee (ERC) as being proprietary or confidential information. In the instances where information is not being disclosed then reference is made to this fact.

The disclosures have been prepared as required under FCA MIFIDPRU 8 standards and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement about the IG T&I.

### 1.2.3 Group Structure as at 31 May 2024



- Regulated
- Unregulated
- Branch

# Risk Management Objectives and Policies

## 2.1 Risk Management Framework

The Group has an established Risk Management Framework which covers all entities within the consolidated Group as shown in the Group structure 1.2.3, including IG T&I.

The Risk Management Framework:

- Identifies, measures, manages, monitors, and reports the risks faced by the business.
- Manages the risk that the Group's conduct may pose to the achievement of fair outcomes for clients, or to the sound, stable, resilient, and transparent operation of financial markets.

This framework provides the Board with assurance that the Group's risks, including the risks relating to the achievement of the Group's strategic objectives, are understood, and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Group's ongoing assessment, control, monitoring, and reporting of risk management.

The framework is established around the following elements:

- Risk Culture
- Risk Taxonomy
- Risk Appetite
- Risk Governance
- Risk Management

The Board has overall responsibility for the management of risk within the Group. This includes determining the Group's risk appetite, which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives and defining the standards and expectations that drive the Group's risk culture.

It also involves ensuring that the Group maintains an appropriate and effective Risk Management Framework, and monitoring performance and risk indicators to ensure that the Group remains within its risk appetite.

More information on the Group's Strategy & Risk Framework can be found in the IG Group Holdings plc's Annual Report on pages 2-41.

## 2.2 Risk Statement from the Firms Governing Body

The Group's approach to risk management centres around its Risk Management Framework. This describes how the Group aims to achieve its business objectives whilst preserving its strong financial position, regulatory reputation and ensuring good outcomes for both clients and markets. The Board is ultimately responsible for ensuring that the Group maintains a strong risk management culture, supported by its robust Risk Management Framework.

## 2.3 Principal Risks

IG Group has adopted a common risk taxonomy that breaks the principal risks faced by the Group into four broad risk categories: the risks inherent in the regulatory environment, the risks inherent in the commercial environment, business model risks, and conduct and operational risks. For more information on the Risk Management Framework and Governance see IG Group Holdings plc's Annual Report pages 36-41.

The major risks identified for IG T&I within the Group's risk taxonomy and the actions taken to mitigate these risks are summarised in the table below.

Risk Category	Principal Risks	Mitigation and Controls
<p><b>Business Model Risk</b></p> <p>The risk the Group faces arising from the nature of its business and business model, including market, credit and liquidity risks, and capital adequacy adherence.</p> <p><b>Risk Appetite</b></p> <p>In pursuit of the Group's business goals, there is an appetite for running modest levels of market risk to facilitate the high-quality instant execution of client orders while accepting that periodic credit risk losses will occur in normal business activity. The Group has very little appetite for liquidity or regulatory capital risk and ensure complete compliance with regulatory requirements.</p>	<p><b>Market Risk – Trading Book and Non-Trading Book (Inclusive of Interest Rate Risk)</b></p> <p>The risk of loss due to movement in market prices arising from our net position in financial instruments.</p>	<ul style="list-style-type: none"> <li>• The inherent conflict in OTC trading, is mitigated at IG through the design of the Group's business model, being based around the internalisation of client trading and hedging of residual exposures more than the predefined Board approved limits. In short, the Group's long-term interests align with those of its clients</li> <li>• Additionally, the order execution system price improves client orders where the underlying market has moved against them while the order is being processed. IG Group operates a real-time market position monitoring system</li> <li>• The Group's scenario-based stress tests are performed on an hourly basis</li> <li>• The Group has predetermined, Board-approved, market risk limits. Its dynamic approach to limit management makes full use of highly liquid markets in core hours, reducing in less liquid periods</li> </ul>
<p><b>Emerging and Evolving Risks</b></p> <p>The Group monitors the emergence of significant events or topics which could, if unmanaged, have a material impact on the Group. Such matters include the war in Ukraine, trade wars, political and legislative changes and any other matters which may lead to macro market movements. Where such events or topics emerge, as a matter of course The Group considers client margin requirements, market risk limits, broker positions, and cash and capital held at each individual entity to ensure it remains within the risk appetite as the external environment and risks it faces change.</p>	<p><b>Credit Risk - Client</b></p> <p>The risk that a client falls to meet their obligations to the Group to cover any trading losses incurred.</p>	<ul style="list-style-type: none"> <li>• The Group's approach to setting client margin requirements is centred on protecting its clients from poor outcomes, taking into consideration underlying market volatility and liquidity, while simultaneously protecting IG from exposure to debt</li> <li>• Client positions are automatically liquidated once they have insufficient margin on their account – this not only protects IG against debt, but importantly protects its clients</li> <li>• The Group's client education offering provides information about robust risk management practices</li> </ul>
	<p><b>Credit Risk – Financial Institution</b></p> <p>The Group has exposure to many financial institutions where it holds funds as well as to its hedging brokers.</p>	<ul style="list-style-type: none"> <li>• The Group undertakes credit reviews of financial institutional counterparties upon account opening, which is updated periodically (or ad hoc upon an event</li> <li>• Its credit exposures to each of our broking counterparties are actively managed in line with limits</li> <li>• The Group performs daily monitoring of counterparties' creditworthiness.</li> </ul>
	<p><b>Liquidity</b></p> <p>The risk that the Group is unable to meet its financial obligations as they fall due.</p>	<ul style="list-style-type: none"> <li>• Active liquidity management within the Group is central to our approach, ensuring sufficient liquidity is in the right places at the right time.</li> <li>• The Group conducts monthly liquidity stress tests</li> <li>• It has access to committed unsecured bank facilities and debt</li> </ul>
	<p><b>Capital Adequacy</b></p> <p>The risk that the Group holds insufficient capital to cover its risk exposures and must curtail or cease operations.</p>	<ul style="list-style-type: none"> <li>• The Group conducts daily monitoring of compliance with all regulatory capital requirements. With the ICARA (Internal Capital Adequacy and Risk Assessment), the Group conducts an annual capital and liquidity assessment including the application of a series of stress-testing scenarios, based against our financial projections, all of which is approved by the Board</li> </ul>

Risk Category	Principal Risks	Mitigation and Controls
<p><b>Commercial Risk</b></p> <p>The risk that the Group's performance is affected by adverse market conditions, failure to adopt an effective business strategy, or competitors offering more attractive products or services.</p> <p><b>Risk Appetite</b></p> <p>There is little appetite for activities that threaten efficient delivery of any core initiatives or that can diminish our reputation, although acceptance of some strategic risk is necessary to foster innovation.</p> <p><b>Emerging and Evolving Risks</b></p> <p>The Group closely monitors the high-inflationary environment and the UK's cost of living crisis, and the effects on client's ability to trade, supplier costs, wages, and income from interest. As a UK-headquartered firm The Group is exposed to FX rate fluctuations when transferring funds between non-UK entities.</p>	<p><b>Strategic Delivery</b></p> <p>The risk that the Group's competitive position weakens or that our profits are impacted due to the failure to adopt or implement an effective business strategy, including the risk of failing to appropriately integrate an acquisition.</p> <p><b>Financial Market Conditions</b></p> <p>The risk that the Group's performance is affected by client sensitivity to adverse market conditions, making it harder to recruit new clients and reducing the willingness of existing clients to trade</p> <p><b>Competitor</b></p> <p>The Group operates in a highly competitive environment and seek to mitigate competitor risk by maintaining a clear distinction in the market. This is achieved through compelling and innovative product development and quality of service, all while closely monitoring the activity and performance of its competitors.</p>	<ul style="list-style-type: none"> <li>Regular strategy updates to the Board from the Executive Directors throughout the year detailing the strategic progress of the business</li> <li>External consultation and extensive market research undertaken in advance of committing to any strategy to test and validate a concept</li> <li>Projects managed via a phased investment process, with regular review periods, to assess performance and determine if further investment is justified</li> <li>Review of daily revenue, monthly financial information, KPIs and regular reforecasts of expected financial performance</li> <li>Forecasts used to determine actions necessary to manage performance and products in different geographical locations, with consideration given to changes in market conditions</li> <li>Regular updates to investors and market analysts to manage the impact of market conditions on performance expectations</li> <li>The Group's approach to conduct demands it put the client at the heart of its decision making. It does not engage in questionable practices, regardless of whether they would prove to be commercially attractive to clients</li> <li>Ensuring that the Group's product offering remains attractive, considering the other benefits that it offers the clients, including brand, strength of technology and service quality</li> </ul>
<p><b>Conduct and Operational Risk</b></p> <p>The risks that the Group's conduct poses to the achievement of fair outcomes for consumers or the financial markets, and the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events.</p> <p><b>Risk Appetite</b></p> <p>Operational risk is present in the normal course of business, and it is not possible, or even desirable, to eliminate all risks inherent in the Group's activities.</p>	<p><b>Technology and Information Security</b></p> <p>The risk of data loss or that the Group's operations are affected, or clients receive a degraded service or are unable to trade due to an operational outage or system limitations. Technology threats can evolve from poor internal practices and systems or from the continuously evolving cyber landscape.</p>	<ul style="list-style-type: none"> <li>Maintenance of a 24/7 Incident Management function</li> <li>Security operations function with 24/7 strength-in-depth capabilities to monitor, prevent and triage cyber threats</li> <li>DOS mitigation services and 24/7 incident management capabilities</li> <li>Regular disaster-recovery capability testing</li> <li>Capacity stress testing</li> <li>The Group's Change Management and Quality Assurance functions undertake risk assessments, utilise defined maintenance windows and help deploy new products and services</li> <li>The Group invests in strength-in-depth capabilities to mitigate the ever-present and changing cyber threats</li> </ul>

Risk Category	Principal Risks	Mitigation and Controls
<p>It has no appetite for poor conduct-related events.</p> <p><b>Emerging and Evolving Risks</b></p> <p>The cyber threat landscape continues to evolve, with cyber criminals and ransomware groups constantly changing and maturing their attack methods and targets. The impact of climate change poses risks to business continuity and, therefore, potential harm to the Group's clients and people. Failure to responsibly manage the Group emissions or to mitigate the risks associated with climate change poses reputational and regulatory risks. The ongoing energy crisis in South Africa, which results in load-shedding, is a concern, with proactive steps taken by the Group to mitigate any potential impact on its clients and employees.</p>	<p><b>Financial Crime</b></p> <p>The risk of failing to identify and report financial crime. Inadequate oversight and client due diligence can result in clients attempting to use the Group to commit fraud or launder money, third parties trying to access client or corporate funds, or employees misappropriating funds if an opportunity arose.</p> <p><b>Trading Issues</b></p> <p>The risk related to any issues around the Group's internal hedging, client trading, and process for corporate actions, dividends, and stock transfers.</p>	<ul style="list-style-type: none"> <li>• A mature control framework for identifying and reporting on suspicious transactions, which is designed to protect the integrity of the financial markets and provide a stable and fair-trading environment for the Group's clients</li> <li>• Appropriate onboarding processes for different client types and vendors with enhanced due diligence and monitoring processes where appropriate</li> <li>• Segregated duties within processes to ensure adequate oversight and control over internal fraud</li> <li>• A 24/7 approach with trading desks located in London and Australia providing 24-hour coverage. The Group applies Board-approved Market Risk Limits and operate under a robust control framework to mitigate its exposure to loss through operational risk events which may impact trading. The order execution processes not only comply with all regulatory requirements, but go over and above in filling client orders, on an asymmetrical basis, providing better than best execution</li> </ul>
	<p><b>Client Life Cycle Management</b></p> <p>This is the risk related to issues in the client life cycle spanning the customer agreement, account set-up, interactions, and appropriateness of account types and product offerings.</p>	<ul style="list-style-type: none"> <li>• Bespoke onboarding processes ensure the Group only offers products and services to clients with sufficient means and a clear understanding of the risks involved. Regular assessments of services identified as being critical to clients to ensure their operational resiliency. Single points of failure identified, and contingency plans set in place</li> <li>• Complete adherence to client money and asset regulations, taking the highest standard set by the FCA in the UK and applying them worldwide where possible</li> <li>• The use of KPIs to monitor levels of service provided and act where needed</li> <li>• The Group offers a plethora of high-quality, easily accessible educational material to ensure clients can improve their understanding of our products and the financial markets – supporting their pursuit of financial freedom</li> <li>• The Group monitors for client behaviours which may indicate levels of vulnerability and proactively engage with them to minimise poor outcomes</li> </ul>
	<p><b>Financial Integrity and Statutory Reporting Issues</b></p> <p>The risk of production issues which could lead to untimely, incomplete, or inaccurate Financial Statements, transaction reporting, tax filing, regulatory capital, and forecasting</p>	<ul style="list-style-type: none"> <li>• The Group's operational risk framework provides the base from which its robust control environment reduces operational risk events from manifesting</li> <li>• Its automated systems enable us to flex with client trading volumes</li> <li>• Dedicated specialist steering committees manage and oversee niche areas, such as transaction reporting, financial crime, financial reporting and forecasting, climate responsibilities, its Internal ICARA and Annual Report production</li> </ul>



Risk Category	Principal Risks	Mitigation and Controls
<p><b>Regulatory Environment Risk</b></p> <p><b>The risk that the group faces enhanced regulatory scrutiny with a higher chance of regulatory action, or the risk that the regulatory environment in any of the jurisdictions in which we currently operate, or may wish to operate, changes in a way that has an adverse effect on its business or operations, through reduction in revenue, increases in costs, or increases in capital and liquidity requirements.</b></p> <p><b>Risk Appetite</b></p> <p>The Group has no appetite to breach financial services regulatory requirements and it strive to always comply with applicable laws and regulations.</p> <p><b>Emerging and Evolving Risks</b></p> <p>The regulatory landscape continues to evolve, and we need to react and ensure adherence to incoming regulations in a timely manner. Less well-developed regulatory frameworks, such as digital assets, are actively monitored for any changes where we may need to adapt strategic rollouts. The introduction of the FCA's Consumer Duty principle is an example of how the Group plans for change by identifying workstreams with owners who are responsible for updating steering committees on progress. The same approach will be taken with incoming DORA1, EMIR3, and any other regulatory changes. The Group welcomes their introduction and the impact that they will have on its industry.</p>	<p><b>Regulatory Risk</b></p> <p>The risk of investigation, enforcement, or sanction by financial services regulators. This may be driven by internal factors, such as the strength of its control framework or its interpretation, understanding, or implementation of relevant regulatory requirements. This risk can also arise from external factors, such as the current and changing priorities of our regulators' policy and supervision departments.</p> <p><b>Regulatory Change</b></p> <p>The risk of governments or regulators introducing legislation or new regulations and requirements in any of the jurisdictions in which the Group operates which could result in an adverse effect on its business or operations, through reduction in revenue, increases in costs or increases in capital and liquidity requirements.</p> <p><b>Tax Change</b></p> <p>The risk of significant adverse changes in the way the Group is taxed. A prime example is the imposition of a financial transactions tax, which could severely impact the economics of trading and developments in international tax law.</p>	<ul style="list-style-type: none"> <li>• Continuous monitoring of operations to ensure they adhere to regulatory requirements and expected standards</li> <li>• Continuous review of all regulatory incidents and breaches with deep dives performed on common themes</li> <li>• Policies and procedures are embedded across the Group with a regulatory compliant mindset</li> <li>• The Group operates values to always Champion the Client, whilst Raising the Bar</li> </ul> <ul style="list-style-type: none"> <li>• The Group fosters strong relationships with key regulators, with whom it actively seeks to converse to keep abreast of, contribute, to and correctly implement regulatory changes</li> <li>• The Group pays close regard to relevant public statements issued by regulators that may affect its industry</li> <li>• The Board Risk Committee receives regular reports of current and emerging risks which timeline incoming, and potential incoming, changes</li> <li>• The Board Risk Committee has received regular updates on UK Consumer Duty regulation, from the early consultation stage through to approval of the final implementation plan</li> </ul> <ul style="list-style-type: none"> <li>• The Group monitors developments in international tax laws to ensure continued compliance and ensure stakeholders are aware of any significant adverse changes that might impact it.</li> <li>• Where appropriate and possible, the Group collaborates with tax and regulatory authorities to provide input on tax policy, or changes in law</li> </ul>

# Governance Arrangements

## 3.1. Management Accountability

As with IG's other UK regulated entities (IG Index Limited and IG Trading and Investments Limited), the Board of IG T&I has the same Directors as IG Group Holdings plc, with Non-Executive Directors providing enhanced oversight and support for all four boards, including IG Group Holdings plc. In order for the mirror board structure to operate as efficiently as possible, the Boards have been "nested" such that just one Board meeting is held in each round of meetings for all four companies combined.

The Firm's Board and senior management believe that this existing departmental structure overseen by the Group's and Firm's Boards ensures effective and prudent management of the Firm, including the segregation of duties in the Firm and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients. The Group operates a policy framework which aims to prevent conflicts of interest from arising and places requirements on all parties connected with the Firm to identify, record, manage and disclose conflicts which arise in the course of operating the Group's business. Central to the Group's risk culture is a commitment to integrity and to principles of responsible business. This is driven by individual accountability, with defined roles and responsibilities prescribed across the Group as detailed under the Senior Managers Certification Regime in the UK. The Group operates a Three Lines of Defence Model, with segregation of responsibilities as set out on page 44 of the IG Group Holdings plc's Annual Report.

IG T&I's Board takes overall responsibility for the Firm and:

- Approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance.
- Ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.
- Oversees the process of disclosure and communications.
- Has responsibility for providing effective oversight of senior management.
- Monitors and periodically assesses:
  - The adequacy and the implementation of the Firm's strategic objectives in the provision of investment services and / or activities and ancillary services;
  - The effectiveness of the Firm's governance arrangements; and
  - The adequacy of the policies relating to the provision of services to clients and takes appropriate steps to address any deficiencies.
- Has adequate access to information and documents which are needed to oversee and monitor management decision-making

The Firm ensures that the members of the management body meet the requirements of SYSC 4.3A.3R. The Firm is subject to the Senior Managers Regime ('SMR') and all members of the management body hold SMF status. The Firm has undertaken the necessary fitness and propriety tests associated with the SMR (alongside additional referencing processes) to ensure each member:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills and experience to perform their duties;
- Possesses adequate collective knowledge, skills and experience to understand the Firm's activities, including the main risks;
- Reflects an adequately broad range of experiences;
- Commits sufficient time to perform their functions in the Firm; and
- Acts with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

In accordance with MIFIDPRU 7.3R a non-SNI MIFIDPRU firm is required to establish a risk committee. However, as a result of a waiver granted by the FCA, the Committees of IG Group Holdings plc (including the Risk Committee) take the same responsibility for IG Markets Limited, IG Index Limited and IG Trading and Investments Limited. Board Committees hold meetings that cover the business of the four entities, as appropriate.

Please see the Governance Report section of IG Group Holdings plc Annual Report 2024 (pages 51-54) for further details of the governance arrangements that are applicable to IG T&I as part of the governance structure outlined above. This includes the results of the annual board effectiveness review (pages 66-67).

### 3.2. Number of Directorships

The number of Executive and non-Executive directorships held by the Directors (not including IG Group Directorships) as at 31st May 2024 were as follows:

Director	Number of Non-Executive Directorships	Number of Executive Directorships
Mike McTighe	3	0
Jonathan Moulds	3	0
Rakesh Bhasin	2	0
Andrew Didham	3	0
Wu Gang	2	0
Sally-Ann Hibberd	2	0
Malcolm Le May	0	0
Susan Skerritt	3	0
Helen Stevenson	3	0
Breon Corcoran	0	1
Charlie Rozes	0	0

It should note that the following are out of scope of MIFIDPRU 8.3.1 for this analysis:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
- Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding

### 3.3. Diversity

IG T&I's Board is committed to having a diverse and inclusive membership, which helps in making good decisions by having a broad range of perspectives. At the financial year end, the Board had 27% female representation (2023: 33%) and as such, did not meet the Hampton-Alexander target of at least one-third female representation on the Board. The Board did meet the Parker Review target on ethnic diversity.

On a Group-basis, the Nomination Committee and the Board carefully consider the diversity-related reporting requirements set out in the Listing Rules and recommended by the FTSE Women Leaders Review, which applies to IG Group Holdings Inc ('IGGH'), but has implications for the IGI Board also, given the mirror Board structure.

As at 31 May 2024, the IGGH Board had not met the Listing Rules target set out under LR 9.8.6R (9) that at least 40% of our Board should be women and at least one of the four senior positions on the Board (Board Chair, Senior Independent Director, CEO, CFO) is held by a woman. The IGGH Board did meet the target that at least one individual on the Board is from an ethnic minority background.

The Directors are committed to a diverse organisation, including the Board. The IGGH Board will continue to appoint on merit, based on the skills and experience needed on the Board and by considering all forms of diversity, and in the case of Non-Executive Directors, independence.

The IGGH Board is committed to achieving the targets for female representation on the Board as soon as it can through its succession planning and appointment processes, and ensuring that it appoints the right candidate based on merit.

For more information on the Group's Equality, Diversity, and Inclusion Policy see the Sustainability Report in IG Group Holdings plc Annual Report 2024 (Page 19) and the Policy is available on request.

# Own Funds

## 4.1 Own Funds

IG T&I's available capital resources ('adjusted own funds') are valued for the purposes of meeting minimum capital requirements, according to the IFRS balance sheet value of reserves, and according to the criteria set out in MIFIDPRU 3.

IG T&I only holds Common Equity Tier 1 items which incorporates share capital and retained earnings. The firm does not have Additional Tier 1 or Tier 2 instruments.

IG T&I deducts the following amounts from its Balance Sheet equity and reserves to arrive at the value of Adjusted Own Funds:

- Value adjustment for prudent valuation

Further detail of the Common Equity Tier 1 items can be seen in Table 1 below with details of how this aligns with the balance sheet in Table 2 and the main features in Table 3.

**Table 1: Composition of regulatory own funds**

Item	Amount (GBP thousands) As at 31.05.24	Cross reference number
1 Own Funds	18,282	
2 Tier 1 Capital	18,282	
3 Common Equity Tier 1 Capital	18,282	
4 Fully paid up capital instruments	12,300	i
5 Share premium	–	
6 Retained earnings	29,052	ii
7 Accumulated other comprehensive income	–	
8 Other reserves	–	
9 Adjustments to CET1 due to prudential filters	(12)	
10 Other funds	–	
11 (-) total deductions from common equity tier 1	(23,058)	note 1
12 CET1: Other capital elements, deductions and adjustments	–	

\*Note 1: Foreseeable final FY24 dividends deducted of £23.1m

**Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

	Balance sheet as in published/audited financial statements (£m's)* As at 31.05.24	Cross-reference number
<b>Assets</b>		
Current assets		
1	Cash and cash equivalents	9,017
2	Trade receivables	12,261
3	Other receivables	21,987
4	Income tax receivable	4,781
5	Prepayments	965
	<b>49,011</b>	
<b>Total Assets</b>		
	<b>49,011</b>	
<b>Liabilities</b>		
Current liabilities		
1	Trade payables	336
2	Other payables	7,323
3	Income tax payables	-
	<b>7,659</b>	
<b>Total liabilities</b>		
	<b>7,659</b>	
<b>Equity</b>		
1	Share capital	12,300
3	Retained earnings	29,052
	<b>41,352</b>	
<b>Total Equity</b>		
	<b>41,352</b>	
<b>Total Equity and Liabilities</b>		
	<b>49,011</b>	

\*Note IG T&I's 'regulatory scope of consolidation' is the same scope as the audited financial statements.

**Table 3: Main features of own instruments issued by the firm**

	Features of own instruments	Cross reference number
Share capital	Instrument type: Ordinary share Amount recognised in Regulatory Capital (£000's): 12,300 Nominal amount of instrument: GBP 1 Accounting Classification: Ordinary share capital	i

# Own Funds Requirement

## 5.1 Own Funds Requirement

In accordance with MIFIDPRU 4.3.2, IG T&I is required to maintain own funds that are at least equal to its Own Funds Requirement at all times.

The Own Funds Requirement is the greater of:

As at 31 May 2024	Amount (£000's)
Permanent Minimum Requirement (PMR)	750
Fixed Overhead Requirement (FOR)	3,144
K-Factor requirement	2,648
<b>Own Funds Requirement</b>	<b>3,144</b>

IG T&I had a significant surplus of Own Funds over Own Funds Requirement throughout the year with a surplus of £15.1m at the year-end 31 May 2024.

The breakdown of the K-Factor requirement is disclosed in Table 4 below.

**Table 4: K-factor requirement:**

K-Factor as at 31.05.24	Amount (£000's)
The sum of the K-AUM, K-CMH and K-ASA requirements	2,601
The sum of the K-DTF requirements	47
<b>Total</b>	<b>2,648</b>

\* COH, TCD, NPR is not applicable for IG t&i

## 5.2 Adequacy of Own Funds

In accordance to the Overall Financial Adequacy Rule (OFAR), the firm must at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

An assessment is carried out as part of the Internal Capital Adequacy and Risk Assessment (ICARA). IG T&I calculates its own internal risk assessment of ongoing activities by identifying all risks and considering their materiality, including those that are not captured under the defined K-Factor requirements. The higher of the internal risk assessment and the funds required for an orderly wind-down is used as the Own Funds Threshold Requirement (OFTR) and Liquid Assets Threshold Requirement (LATR) which IG T&I is required to hold at any point in time to comply with the OFAR.

The ICARA assessment is produced annually or more frequently, if there has been a material change to the business model.

The internal risk assessment once approved is monitored daily as an integral part of the Risk Management Framework. The Executive Risk Committee considers all risks that could change to IG T&I's risk profile.

IG is subject to a Supervisory Review ('SREP') by the FCA on a recurring cycle. The FCA reviews the ICARA as part of this process and may set individual guidance as a result. The individual guidance given to a firm with regards to the amount and quality of capital resources and/or liquid assets that the supervisor believes the firm should hold under the IFPRU Overall Financial Adequacy rule.

# Remuneration Policy and Practices

This section describes the remuneration policies and practices applied by the Company for all Group staff and for categories of staff whose professional activities are deemed to have a material impact on the risk profile of the Company and other UK regulated entities within the Group (Material Risk Takers (“MRTs”)).

## 6.1 Approach to Remuneration

The Terms of Reference of the Remuneration Committee (“Committee”) of the Board of Directors of the Company sets out clearly its approach to linking pay and performance as follows:

**The link between individual reward, the delivery of strategy and the long-term performance of the company and the wider group should be clear. Outcomes should not reward poor performance and incentive schemes should drive behaviours consistent with the Group’s purpose, values and strategy.**

The Committee’s objective is to ensure that remuneration encourages, reinforces and rewards the growth and preservation of shareholder value. The Group Remuneration Policy is therefore set to ensure that remuneration remains competitive and provides appropriate incentives both for performance and good conduct.

The Committee has agreed that all matters relating to the remuneration of all Group employees should:

- Ensure that the Group operates remuneration practices which are gender neutral and non-discriminatory
- Align with the best interests of the Company’s shareholders and other stakeholders
- Recognise and reward good and excellent performance of employees that helps drive sustainable growth of the Group
- Focus on retaining high-performing senior management
- Be consistent with regulatory and corporate governance requirements
- Be designed to achieve effective risk management
- Be straightforward, easy for shareholders and employees to understand and easy for the Group to monitor
- Not be used to reward behaviour that inappropriately increases the Group’s exposure to risks.

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Group’s business environment and in remuneration practice. There must be transparency and alignment to the delivery of strategic objectives at both a Company and an individual level. There must also be scope to reward for exceptional effort and achievement that delivers value both for the Company and the shareholders. Likewise, failure to achieve, individually or at Company level, will not be rewarded. The Committee also considers whether any risk adjustments to remuneration are necessary throughout the year with the intention of disincentivising excessive or inappropriate risk-taking.

The Committee is also mindful of ensuring that there is an appropriate balance between the level of risk and reward for the individual, the Company and for shareholders.

When setting levels of variable remuneration, the degree of stretch in performance conditions and the balance of equity and cash within a package, consideration is given to obtaining the appropriate balance of each so as not to encourage unnecessary risk-taking. As well as financial risk, the Committee also ensures that there is an appropriate focus on non-financial risk, as well as regulatory and governance matters.

The total remuneration package is structured so that a significant proportion is linked to performance conditions, and it is the Company’s policy to ensure that a high proportion of the potential remuneration package is provided via share-based instruments. This ensures that Executives and senior management have a strong ongoing alignment with shareholders through the Company’s share price performance.

## 6.2 Objectives for Financial Incentives

Variable pay for the Executive Directors is awarded in the form of nominal cost options or conditional share awards through the Company’s Sustained Performance Plan (“SPP”), which is designed to provide a clear link to key performance metrics, be simple to operate, and deliver awards in shares that vest over the long-term. The maximum award for excellent performance under the SPP is five times base salary for the Chief Executive Officer (“CEO”), and four times base salary for all other executive directors; for on-target performance across the performance metrics, awards are two and half times base salary and two times base salary respectively. For others participating in the SPP, the maximum award size is three times base salary for excellent performance.

Other management participate in the Long-Term Incentive Plan (“LTIP”) which is delivered in the form of nil cost options. The maximum individual grant under this plan is 60% of an individual's salary (although it may be higher than this in exceptional circumstances).

Variable pay under both long-term plans can be recouped by the Committee in exceptional circumstances such as material misstatement of financial results, an error in assessing performance, a substantial failure of risk management or serious misconduct. The timeframe over which awards can be recouped is five years from the date of grant. The circumstances in which awards can be recouped include when there has been serious reputational damage to the Company, there has been a material corporate failure, an individual is not considered to be fit and proper to perform their role, an individual was responsible for fraud or other conduct or severe negligence which resulted in significant losses to the Group, there has been a significant increase in the economic or regulatory capital base of the Company or regulatory sanctions have been imposed on any member of the Group and the conduct of the relevant individual materially contributed to such regulatory sanction.

For MRTs, a clawback period of three years will apply to discretionary bonuses from the point of payment.

### **6.3 Decision Making Policy for Remuneration Policy**

#### **The Remuneration Committee**

The Committee is responsible for reviewing and approving the Group-wide remuneration policies, plans and practices, as well as approving individual remuneration awards for MRTs, including in relation to IG's relevant regulated EU entities within the Group (“IFD MRTs”).

The Committee members are Non-Executive Directors (the Board Chairman plus four other Non-Executive Directors, including a Committee Chairman).

The Committee met 7 times during FY24. Further details on the committee, its members and its role are published on the Group website under Governance, Leadership<sup>1</sup> and then Board Committees. For the Terms of Reference for the Committee please go to Governance, Download Centre and then Committee Governance.

#### **The Role of Advisors in the Policy-Setting Process**

The Committee obtained independent external advice in the period from Deloitte LLP, a consultancy which specialises in executive remuneration. The Committee also considers advice from the CEO and Company Secretary - but not in relation to their personal remuneration - and actively engages with major shareholders through consultation where material changes to remuneration policy for executives are proposed.

The Committee also takes account of the overall approach to reward for employees in the group as a whole when setting remuneration policy for MRTs.

### **6.4 Categories of Staff Identified as Material Risk Takers Under Sycs 19G.5**

The following categories of staff were identified as MRTs by the Group in FY23:

- Members of the management body
- Senior management
- Staff members with managerial responsibility for business units, including Spread betting, contracts for difference (CFD), share dealing and our institutional offering
- Staff members with responsibility for control functions
- Staff members with responsibility for the prevention of money laundering and terrorist financing
- Staff members responsible for managing material risks to the firm
- Staff members responsible for managing information technology, information security and outsourcing arrangements
- Staff members with the authority to take decisions approving or vetoing the introduction of new products
- Staff members responsible for a high proportion of revenue

### **6.5 Design Characteristics of the Remuneration System**

The remuneration system has been designed to be clear and simple to operate. The Group provides the following pay elements:

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<sup>1</sup> <https://www.iggroup.com/about-us/leadership/board-committees>



### **Fixed elements**

- base salary, delivered as cash, generally the Group aims to offer competitive salaries in the markets we operate;
- role based allowances, delivered as cash, are offered in some specific cases, these are allowances based on an individual's role, responsibilities and seniority;
- pension contribution (or equivalent cash allowance), delivered as a cash contribution to an employee's pension, in line with the Group's business strategy, objectives, values and long-term interests; and
- benefits such as medical and life insurance, the health and welfare of employees and their families is important to the Group.

### **Variable elements**

- eligibility for discretionary bonus awards based on combination of Group and individual performance, note from FY25 this will also include divisional performance, discretionary bonuses are delivered in cash unless the payment in instrument requirement is that a portion of any such award be delivered in shares; and
- for more senior roles, participation in either the Group's SPP or LTIP to provide employees with an opportunity to share in the longer-term success of the Group.

### **Sustained Performance Plan ("SPP")**

The SPP for Executive Directors and senior management combines features of both an annual bonus and long-term incentive into a single plan and is designed to reward both annual and sustained performance. SPP awards are determined by the Committee taking account of earnings per share; total shareholder return relative to companies in the FTSE 250; revenue which helps to support the diversification of the Group and non-financial metrics such as client experience, strategic enablers and people and culture. The Committee also considers the Company's underlying financial strength and management of risk, in determining awards.

Executive Directors are also required to build and maintain a shareholding in the Company (200% of salary for all Executive Directors), to further align their interests with sustained performance for shareholders.

### **Long Term Incentive Plan ("LTIP")**

A separate LTIP has been made available to selected members of the next tier of management who are not invited to participate in the SPP. The award replicates a restricted stock type model with a performance underpin including an assessment of performance prior to vesting based on affordability, risk and conduct. The LTIP acts as share-based incentive plan, provides alignment of IG's management with the Group's shareholders. Note from FY25 the structure of this award will change from a restricted stock structure to a performance based LTIP, linked to the delivery of growth in Group revenue over the vesting period.

### **Bonus plans**

Employees who are not members of the Board are eligible for the Group's discretionary bonus scheme. Individual performance reflects three elements i) employee's role and responsibilities ii) achievement against goals and iii) behaviour against Group values.

The total bonus pool available for all eligible employees is calculated by reference to financial and non-financial measures. The financial element of the pool is calculated based on Group profit before tax (excluding variable remuneration) against budgeted profit before tax. The non-financial element is driven by a range of non-financial metrics, these are the same non-financial metrics which apply to the SPP, with performance approved by the Committee. Individual awards are designed to be reflective of the employee's performance, role and time spent at work within the financial year.

The non-financial metrics include but are not limited to strategic objectives for different business units within the group. When the bonus pool is distributed to employee's individual performance ratings are used to guide how bonus payments are allocated. In addition, any conduct issues identified for employees identified throughout the year via our disciplinary process are reflected in bonus payments, potentially reducing them to zero.

Note from FY25 the financial element of the bonus pool will change. For this part of the bonus pool we will measure either Group Earnings per share (for central roles) against budget or divisional revenue against targets (for those working in divisional roles).

To ensure control function employees are remunerated in an independent manner, the Group applies an affordability overlay to the bonus pool for control functions, with the ultimate bonus for employees within these functions being determined based on a functional scorecard. Once the bonus pool for control functions has been determined, bonuses are distributed on a discretionary basis to individuals within that function.

## 6.6 Risk Adjustment

Risk assessment and adjustment is an important part of the Group's remuneration policy and practices. The Chief Risk Officer ("CRO") prepares a report to be presented to the Committee which sets out their review of performance against risk appetite and material risk events (incidents or issues) at a collective and/or individual level to determine whether any adjustments to variable remuneration outcomes are warranted. The Group also operates a Risk Adjustment Policy and accompanying processes. This policy applies to all entities within the Group.

As part of the CRO's report, consideration is given as to whether risk adjustments should be made. Both current and future risks for the Group (financial and non-financial) are considered, including, for example, operational and conduct risk, and consequently whether such risks should give rise to any ex-ante adjustments to variable pay for remuneration purposes. The CRO also considers whether any ex-post adjustments need to be made via adjustment to in-year bonuses, malus and/or clawback as a result of any risk events or circumstances.

## 6.7 Guaranteed Variable Remuneration

For MRTs, guaranteed variable remuneration awards may only be considered as part of the total remuneration package in connection with the recruitment of a new employee of the Group on the basis that it is affordable, exceptional and is limited to the first year of service. Any such payments will only be made when the relevant entity has a strong and sound capital base.

Any guaranteed variable remuneration awarded to MRTs are subject to the same general rules for variable remuneration including deferral, payments in shares/instruments, retention periods (where appropriate) and malus and clawback.

Awards of guaranteed variable remuneration to MRTs will only be made upon Committee approval.

## 6.8 Severance Pay

Any payments related to early termination of an employment contract will reflect the individual's performance over time and will be designed in a way which does not reward failure or misconduct. The criteria for determining the amount of a severance payment may include, but is not limited to, the reasons for early cessation of employment and the length of the individual's service within the Group. The Committee's approval will be required for all severance payments made to MRTs. Any such severance payments to MRTs are subject to the same general rules for variable remuneration, including deferral, payments in shares/instruments, retention periods (where appropriate) and malus and clawback.

## 6.9 Deferral and Vesting Policy

### Deferral of variable pay

MRTs (except those who are exempt from the deferral requirements) will be subject to a minimum three-year deferral period, which is considered to be appropriate in the context of the Group's business cycle, the nature of its business and its risk profile, as well as the activities of employees. The deferral requirements are largely satisfied by the SPP and LTIP operated where additional is required our deferred bonus plan is used to deliver bonus over three years on a pro-rata basis. In any case, variable remuneration awarded to MRTs are subject to a minimum deferral of 40% (or 60% if the individual's variable remuneration for the financial year is equal to or more than £500,000 for MRTs in respect of the Group's UK regulated entities and EUR 500,000 for IFD MRTs in respect of IG Europe GmbH ("IGE")). The exception to this requirement is where MRTs variable remuneration meets the terms of the individual proportionality exemption at SYSC 19G.5.9R.

### Retention periods

All awards made to MRTs in shares will be subject to a retention period post vesting. The specific length of the retention period will vary depending on MRT status and jurisdiction. For IFPR MRTs in respect of the Group's UK regulated entities, the minimum retention period will be six months and for IFD MRTs in respect of IGE, this will be twelve months. These retention periods reflect regulatory expectations and are considered appropriate in the context of the deferral applied. The exception to this requirement is where MRTs variable remuneration meets the terms of the individual proportionality exemption at SYSC 19G.5.9R.

### Vesting schedule equity

The vesting schedules applied by the Group to deferred equity awards have been determined in the context of the Group's business activities and risk profile, as well as the activities and responsibilities of the individuals concerned.

For Executive Directors, the vesting profile of their SPP awards for FY24 is as follows:

**Annual awards (85% of the overall opportunity)**

- 35.29% in cash at the end of the financial year;
- 23.53% in share awards vesting 3 years after the end of the financial year (subject to the normal retention policy for shares); and
- 41.18% in share awards vesting 2 years after the end of the financial year (subject to a two year holding period instead of the normal retention period for shares).

**Long term awards (15% of the overall opportunity)**

- Delivered in share awards vesting 3 years from the date of grant subject to performance (TSR relative to the FTSE 250) (subject to a two year holding period instead of the normal retention period for shares).

For all other participants in the SPP for FY24, awards are split into annual long term awards as follows:

**Annual awards (85% of the overall opportunity)**

- Delivered in share awards vesting pro-rata on first, second and third anniversary of the grant date (with MRTs subject to the normal retention policy for shares).

**Long term awards (15% of the overall opportunity)**

- Delivered in share awards vesting 3 years from the date of grant subject to performance (TSR relative to the FTSE 250) (with MRTs subject to the normal retention policy for shares).

The LTIP has been made available to management and key employees who are not invited to participate in the SPP. Under the LTIP, share awards are granted which vest after three years, conditional upon continued employment at the vesting date. The LTIP awarded in the current year vests after three years with a predefined number of shares allocated. For IFD MRTs for FY24, vesting occurs 50% after two years and 50% after three years.

**Quantitative disclosure**

The below disclosures have been prepared in accordance with SMIDIPRU 8.6.8R-8.6.11R. 29 material risk takers identified in relation to our UK regulated entities under SYSC 19G.5 for FY 2024. The data reported here is the same as reported for IG Index Limited and IG Markets Limited.

**Table 4: K-factor requirement: Total remuneration awarded by employee category**

	Senior Management	Other material risk takers	Other staff*
Total remuneration	£12,610,396	£2,196,621	£93,798,035
Fixed remuneration	£6,105,100	£1,838,881	£74,665,190
Variable remuneration	£6,505,295	£357,740	£19,132,844

\*Other Staff includes all UK staff other than MRTs, the vast majority of UK staff are employed by IG Index Limited.

**Table 5: Guaranteed variable remuneration and severance payments**

	Amount awarded to senior management	Number of senior managements receiving	Amount awarded to other material risk takers	Number of other material risk takers receiving
Guaranteed variable remuneration	nil	nil	nil	nil
Severance payments	£170,447	4	nil	nil

The highest severance payment to one senior management was 83,644

**Table 6: Total variable remuneration split into its constituent parts**

	Senior Management	Senior Management	Other material Risk takers	Other material Risk takers
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	Non deferred	deferred	Non deferred	deferred
Cash	£2,290,962	nil	£210,000	mil
Shares	nil	£4,214,332	nil	£147,740

**Table 7: Remuneration held by MRTs in respect of performance years prior to FY2024**

	Senior Management	Other material risk takers
Vesting in year	£4,401,239	£185,519
Vesting in future years	£23,420,650	£558,616

\*The value of shares vesting in future years has been determined using the share price as at 31 May 2024 of £8.10

**Table 8: Adjustments to remuneration of deferred variable pay**

	Senior Management	Other material risk takers	Total MRTs Who had adjustments
Variable remuneration	nil	nil	nil

In accordance with the exemption at MIFIDPRU 8.6.8R (7) (b) we can confirm that there was one material risk taker who utilised the exemption for material risk takers set out at SYSC 19G.5.9R. As a result, no information has been provided here in order to prevent individual identification of a material risk taker.

# Investment Policy

In accordance with MIFIDPRU 8.7.6, a firm is only required to disclose information in relation to its investment policy if the following circumstances are applied:

- Only in respect of a company whose shares are admitted to trading on a regulated market;
- Only where the proportion of voting rights that the MIFIDPRU investment firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and
- Only in respect of shares in that company to which voting rights are attached.

As IG T&I does not meet these requirements, it is not required to disclose any information relating to its investment policy.

# Further Information

Further information is available from:

**Investor Relations at [investors@iggroup.com](mailto:investors@iggroup.com)**

Certain statements in this disclosures document are forward looking. Although the Firm believes that the expectations reflected in these statements are reasonable, the Firm gives no assurance that these expectations will prove to be an accurate reflection of actual results.

Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these statements.

The Firm undertakes no obligation to update any disclosures whether as a result of new information, future events or otherwise.

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