CMC Markets Investments Ltd

Disclosure

31st March 2025

Table of Contents

1. Overview

1.1. Introduction

This document is prepared in accordance with Chapter 8 of the Financial Conduct Authority's ('FCA') Prudential Source Book for MiFID Investment Firms ("MIFIDPRU"). Public disclosure is an essential element of facilitating market discipline and encouraging the stability of financial markets by allowing market participants to assess key information on firms' capital adequacy and risk and control processes. Quantitative disclosures are made as at 31st March 2025.

1.2. Frequency and scope of disclosures

The disclosures in this document are made in respect of CMC Markets Investments Ltd ('the Firm'). The Firm is part of the CMC Markets PLC Group ('the Group') which can be seen in Chart 1. In accordance with MIFIDPRU 8.1.7, disclosures must be made on an individual basis.

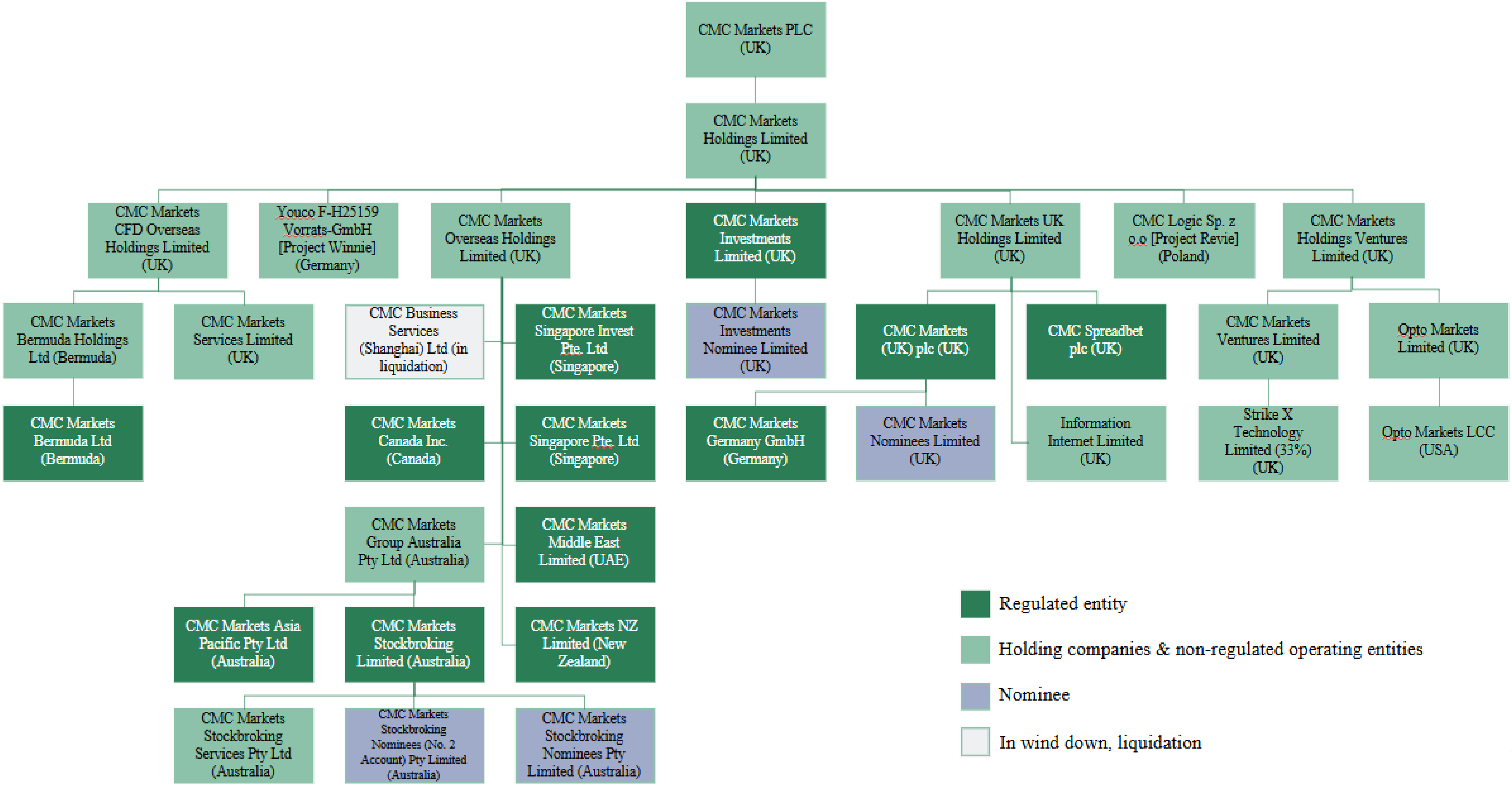
At a minimum, the disclosures will be made public on an annual basis on the Group's website[1] on the date that the Firm publishes its annual financial statements, in accordance with MIFIDPRU 8.1.10.

CMC Markets PLC became the ultimate holding company of the Group under a reorganisation in 2006. The Group is defined as an "investment firm group"[2], subject to consolidated supervision by the FCA. The Group structure is shown in Chart 1 below.

[1] https://www.cmcmarkets.com/group/about-us/governance/policies-and-documents

[2] "Investment firm group" as defined in MIFIDPRU 2.4.

Chart 1: Group structure as at 31st March 2025



2. Risk management objectives and policies

2.1. Enterprise Risk Management

To support the Board of CMC Markets plc (the 'Group Board') in discharging its risk oversight responsibilities, there is in place an Enterprise Risk Management Framework ('ERMF'), which sets out how the Group manages risk. This framework covers all entities within the Group.

The Board, through the Group Risk Committee, is responsible for defining and overseeing the Group's risk strategy. Key responsibilities include:

- Identifying, evaluating and monitoring the principal and emerging risks;
- Implementing the Board-approved risk appetite to support strategic objectives; and
- Establishing and maintaining governance structures, policies, systems and controls to ensure operations remain within the defined risk appetite.

The Group regularly reviews the ERMF and risk resources to ensure they remain effective to support the achievement of the Group's strategic objectives and in line with market practices and regulatory expectations.

Risk management is a core responsibility of all colleagues, with oversight provided by Management and Board Committees, as well as the Group Risk and Compliance functions.

The ERMF follows the Three Lines Model, ensuring clear risk ownership and accountability:

1. First Line: Business teams manage and implement controls.
2. Second Line: Group Risk and Compliance provide oversight and guidance.
3. Third Line: Internal Audit provides independent assurance.

CMC fosters a risk culture that emphasises accountability and proactive risk management. Responsibility for managing risk sits with everyone across the Group.

The second line of defence, led by the Risk Team, plays a key role in embedding this culture. Their responsibilities include communicating, educating and providing guidance on the ERMF, and overseeing the Risk and Control Assessment ('RACA') process, which forms the foundation of our bottom-up risk assessment.

The RACA process supports a comprehensive understanding of risks and controls at the operational and business process level. By enabling regular self-review of risks and controls, as well as the oversight and escalation of issues where necessary, it allows risk and control owners to identify any gaps in the risk environment and address control weaknesses.

2.2. Principal Risks

Given the nature of the Group's business and the financial, market and regulatory environments in which it operates, CMC is naturally exposed to strategic, financial and operational risks. While it is not possible to eliminate all risks, effective risk management ensures they are managed to an acceptable level.

Our principal risks are outlined in the following tables.

2.2.1. Business and Strategic Risks

2.2.1.1. Emerging risks

We see emerging trends from demographic and social shifts, including evolving customer expectations and behavioural trends. These include growing demand for self-directed investing, interest in digital assets such as crypto and increasing appetite for wealth management solutions. As part of our strategy, we aim to design and deliver products that are aligned to these changes while ensuring they are appropriately governed, risk-managed and commercially viable.

Strategic risk	
Key risk description The risk that the Group's ability to execute its business strategy is impacted by internal decisions or external factors. This includes risks associated with defining and delivering strategic initiatives, as well as potential reputational damage affecting market perception, client trust and regulatory relationships. Risk exposure and appetite The Group is exposed to, and has appetite for, strategic risk through the definition or execution of our strategic initiatives where there is a risk of failing to successfully deliver what it sets out to achieve. As part of strategic risk, the Group is also exposed to potential damage to its brand and reputation with the market, clients and regulators. Failure to manage reputational risks could significantly impact the ability to implement the strategic plan. During the year, enhanced focus on the key strategic priorities has strengthened how the Group delivers its strategic goals.	Key mitigations and controls The Group manages strategic risk through: – Governance & Oversight – Strong challenge and oversight from independent Non-Executive Directors. – Strategic Alignment – Ensuring all significant initiatives align with the corporate strategy. – Risk Assessment – Evaluating risks associated with strategic initiatives before execution. – Accountability & Ownership – Assigning clear responsibility for delivery and risk mitigation. – Product & Initiative Governance – Requiring Board approval for all material products and strategic initiatives. These measures ensure a structured approach to strategic decision-making and risk management.

2.2.2. Financial Risks

2.2.2.1. Emerging risks

Geopolitical and macroeconomic developments are a potential emerging risk that could materially impact the business, although broader market volatility is typically beneficial. In response, CMC monitors client margin, market risk limits, broker exposures and entity-level capital as well as strategic plans to ensure it remains within risk appetite.

Market Risk	
Key risk description The risk that the value of our residual portfolio decreases due to market fluctuations, including price movements, interest rates and foreign exchange rate changes. Risk exposure and appetite As an online trading provider acting as principal to clients across different markets, the Group is exposed to financial risks arising from market movements. CMC has appetite to retain some market risk, balanced with a low appetite for liquidity and capital risk, to ensure effective risk management and financial stability.	Key mitigations and controls CMC manages market risk through: – Real-Time Exposure Management – Trading risk management monitors and controls inherited exposures from clients in real-time within Board-approved limits. – Market-Making in Liquid Instruments – Primarily acting as a market maker in highly liquid financial instruments, enabling efficient risk reduction via prime broker arrangements. – Stress Testing & Scenario Analysis – Conducting regular stress testing to assess financial and capital adequacy impacts from severe market events. – Liquidity & Funding Monitoring – Actively managing market risk with close oversight of funding requirements to maintain liquidity stability. These measures ensure we effectively manage market risk while maintaining financial resilience.

Liquidity Risk	
Key risk description The risk that the Group has insufficient liquidity to meet its financial obligations as they fall due or can only secure required liquidity at excessive cost. This includes funding margin requirements, failed settlements or market events that impact liquidity availability. Risk exposure and appetite CMC is exposed to Liquidity Risk through our core business activities, including funding margin requirements for hedging strategies and managing unfunded commitments in the matched principal business. We have a low appetite for liquidity risk and maintain a robust framework to ensure we remain well-funded under both normal and stressed conditions.	Key mitigations and controls The Group minimises liquidity risk through: – Liquidity Modelling & Stress Testing – Regular forward-looking liquidity forecasting under both normal and stressed conditions to ensure obligations can be met. – High-Quality Liquid Assets & Funding Diversification – Maintaining unencumbered, high-quality liquid assets and diversified funding sources. – Contingency Planning – Establishing liquidity facilities, contingency funding levers, and wind-down strategies where necessary. – Market Condition Monitoring – Assessing liquidity impacts of significant market moves to ensure resilience. For our Matched Principal and Exchange-Traded Business, additional controls include: – Offering only liquid assets based on an asset suitability assessment. – Producing daily cash position reports covering surplus liquidity, unencumbered liquidity, and short-term forecasts. – Conducting stress testing to ensure sufficient liquidity for business continuity over a 15-month horizon.

Credit and Counterparty Risk	
Key risk description The risk of financial loss arising from a counterparty failing to meet its obligations as they fall due, including exposure to both clients and financial institutions. Risk exposure and appetite CMC is exposed to credit and counterparty risk through our client trading activities and relationships with financial institutions. We have a limited appetite for such exposures and actively manage them through stringent controls and mitigants to minimise potential losses.	Key mitigations and controls CMC manages credit and counterparty risk through: – Margin Requirements & Risk-Based Controls – Applying a tiered margin structure to manage riskier positions and utilising liquidation features when client total equity falls below predefined thresholds. – Guaranteed Stop Loss Orders – Offering clients risk management tools to prevent debt accumulation. – Credit Risk Modelling & Stress Testing – Setting limits and using potential credit risk exposure models to quantify and stress-test client credit risk across CFDs and Spread Bets. – Counterparty Creditworthiness Reviews – Conducting at least annual assessments of counterparties' financial stability. – Diversification & Concentration Risk Management – Engaging with multiple prime brokers (PBs) per asset class to reduce concentration risk. – Investment-Grade Counterparty Standards – Preferring to work with counterparties holding investment-grade credit ratings, with daily exposure monitoring. – Intermediary Limits & Oversight – Setting and monitoring intermediary limits daily, with escalation procedures for large exposures. These measures ensure credit and counterparty risks are actively managed to protect the firm's financial stability.

Capital and Solvency Risk	
Key risk description The risk that the Group does not maintain sufficient capital to meet regulatory requirements, absorb financial shocks or support business growth. This includes risks arising from market volatility, regulatory changes and adverse business performance impacting capital adequacy. Risk exposure and appetite As a regulated financial institution, CMC is required to hold sufficient capital to meet both regulatory and internal thresholds. The Group has a low appetite for breaching capital requirements or operating with insufficient buffers. Effective capital management ensures the Group's financial stability and resilience under stress scenarios.	Key mitigations and controls The Group minimises capital and solvency risk through: – Capital Planning & Forecasting – Regular stress testing and scenario analysis to assess capital adequacy under adverse conditions. – Regulatory Compliance – Maintaining capital levels above regulatory minima and engaging proactively with regulators on capital requirements. – Liquidity & Risk Management – Ensuring adequate liquidity to absorb market shocks and financial stress. – Robust Governance – Ongoing monitoring by senior management and the Board to ensure capital strength and strategic alignment.

2.2.3. Operational Risks

2.2.3.1. Emerging risks

The Group monitors emerging regulatory developments and technological advancements, including the rise of artificial intelligence and broader digital disruption. These trends have the potential to reshape how financial services are delivered and consumed. As part of the Group's strategy, CMC aims to adapt its platforms, processes and product offerings to remain compliant, competitive and aligned to evolving client expectations.

Financial Crime	
Key risk description The risk of money laundering, terrorist financing, sanctions violations, bribery and corruption, and failures in Know Your Customer (KYC) procedures, which could lead to regulatory penalties, financial losses or reputational damage. Risk exposure and appetite As a financial institution handling significant volumes of client data, money and assets, we are exposed to financial crime risks, including money laundering and market abuse. The short-term nature of some client relationships further heightens this exposure. The Group has a low appetite for financial crime and has implemented robust preventative and detective controls to mitigate these risks, as well as continuously enhancing the framework through process improvements, system investments and staff training.	Key mitigations and controls CMC mitigates financial crime risk through: – Risk-Based KYC & Due Diligence – Applying rigorous KYC procedures, including Enhanced Due Diligence (EDD) for higher-risk clients such as Politically Exposed Persons (PEPs). – Ongoing Monitoring & Surveillance – Maintaining risk-based transaction monitoring and customer activity surveillance systems. – Suspicious Activity Reporting – Enhancing procedures for detecting and reporting suspicious activity to law enforcement and regulators. – Market Abuse Prevention – Strengthening controls to mitigate risks from repeat offenders of market abuse. – Sanctions & Restrictions Management – Maintaining a restricted list of individuals and entities, with systems to block transactions that breach regulatory guidelines. – Risk Classification – Classifying customers and entities at onboarding to assess financial crime risks effectively. These measures ensure compliance with financial crime regulations and protect the integrity of the business.

Information Security and Technology Risk	
Key risk description The risk of data breaches, unauthorised access, system outages and technology failures, including non-compliance with security and regulatory requirements. This encompasses client, employee and proprietary data, as well as critical systems, hardware and networks. Risk exposure and appetite As a fintech company, CMC is exposed to significant information security and technology risks. The Group has a low appetite for data loss, misuse or system failures that impact operations or client services, and these are mitigated through robust preventative and detective controls.	Key mitigations and controls The Group minimises these risks through: – Data Security & Access Controls – Enforcing least privileged access, regular system access reviews, and data classification to protect sensitive information. Physical security measures prevent unauthorised access to buildings and sensitive areas. – Technology Resilience & Monitoring – Investing in a robust technology stack, systemic monitoring tools to detect downtime or performance issues and maintaining scalable infrastructure to accommodate growth and fluctuations. – System Stability & Incident Response – Ensuring 24/5 IT production support, proactive system capacity planning and contingency measures to prevent and remediate failures. These measures ensure the confidentiality, integrity and availability of the Group's systems and data, safeguarding clients, employees and business operations.

Compliance Risk	
Key risk description Key risk description The risk of failing to comply with legal and regulatory obligations, which could result in financial penalties, reputational damage, or operational restrictions, including obligations under Consumer Duty. Risk exposure and appetite CMC operates in a highly regulated environment across multiple jurisdictions, exposing the Group to compliance and regulatory risk. The Group has no appetite for failing to meet regulatory or legislative obligations and is committed to full compliance with applicable laws and regulations, including the Consumer Duty requirements to ensure fair outcomes for customers.	Key mitigations and controls CMC minimises compliance risk through: – Risk-Based Regulatory Interpretation – Applying a proportionate, risk-based approach to interpreting and implementing regulatory requirements. – Resourcing & Expertise – Ensuring compliance teams are adequately staffed, trained, and supervised, with a specific focus on Consumer Duty and customer outcomes. – Regulatory Horizon Scanning – Monitoring and assessing new regulations and legislation to evaluate business impact. – Regional Compliance Oversight – Conducting thorough regulatory analysis to ensure adherence across jurisdictions, particularly for new initiatives. – Advisory & Monitoring Frameworks – Providing technical guidance to the business, alongside comprehensive monitoring, surveillance, and policy enforcement. – Regulatory Engagement – Maintaining strong relationships with regulators and proactively planning for regulatory changes, including engagement on Consumer Duty expectations and compliance standards.

Operational Risk	
Key risk description The risk of financial loss, business disruption, or reputational damage due to inadequate or failed processes, systems, people, or external events. This includes fraud, cyber threats, IT failures and regulatory non-compliance.	Key mitigations and controls The Group manages operational risk through: – Process & System Controls – Automating key processes, optimising workflows, and implementing robust IT security measures.

Risk exposure and appetite CMC is exposed to operational risk as a fintech company operating in a highly regulated and technology-driven environment. The Group has a low risk appetite for operational failures that could cause material financial, reputational, or regulatory impact.	– Incident & Risk Management – A structured incident response framework, continuous monitoring, and risk escalation procedures. – Regulatory Compliance – Regular audits, internal control reviews, and staff training to reinforce risk awareness. – Governance & Oversight – Active risk management by senior leadership and Board committees to ensure resilience and accountability.

2.3. Risk Statement of the Firm's Governing Body

The Group's risk appetite defines the level and types of risks CMC is willing to accept in pursuit of its strategic objectives. This is assessed as part of the Risk Appetite Statement, which integrates risk tolerances across the organisation. Risk appetite is fundamental to effective risk, capital and liquidity management, ensuring appropriate risk control and positive client outcomes.

The Board conducts an annual assessment of emerging and principal risks, evaluating their potential impact on the Group's business model, performance, capital and liquidity. These risks are monitored through key risk indicators (KRIs) and are linked to the Group risk appetite. The Group also considers reputational and regulatory implications, client impact and broader market effects.

3. Governance

3.1. Management Accountability

The Group is organised into different departments designed to address the business, legal, regulatory and compliance requirements of the business. The Firm is a UK business which meets the requirements of MIFIDPRU 7.1.4 and leverages from relevant Group departments and Committees (Audit, Nomination, Risk and Remuneration).

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 Firm'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;
    - The adequacy of the policies relating to the provision of services to clients, and takes appropriate steps to address any deficiencies; and
- 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 of the Firm meet the requirements of SYSC 4.3A.3R. The Firm is subject to the Senior Managers and Certification Regime ('SMCR') and members of the management body hold Senior Management Function ('SMF') status. The Firm has undertaken the necessary fitness and propriety test associated with the SMCR (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.

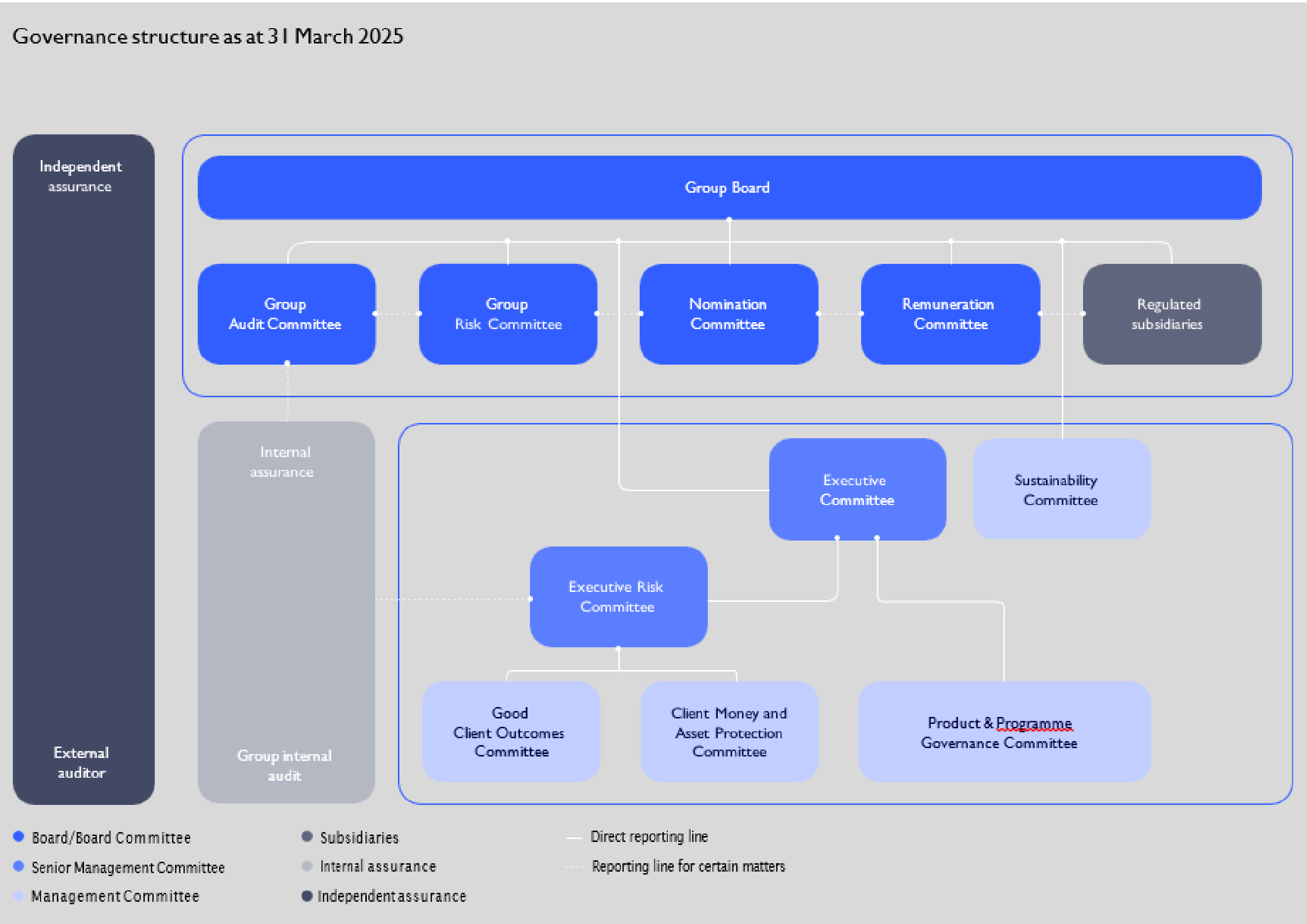
3.2. Board of Directors

The Board has overall responsibility for the Firm's affairs.

The Directors of CMC Spreadbet plc who were in office during the financial year and up to the publication of this document were:

Lord Peter Cruddas	Chief Executive Officer
David Fineberg	Global Head of Strategic Partnerships
Laurence Booth	Global Head of Capital Markets (appointed 2 June 2025)
Jon Bendall	Chief Operating Officer (appointed 2 June 2025)
Albert Soleiman	Chief Financial Officer (resigned 25 February 2025)

3.3. Governance Structure



3.4. Number of Directorships

The number of Executive and non-Executive directorships held by the Directors at the year ended 31 March 2025 were as follows:

Director	Number of Executive Directorships	Number of Non-Executive Directorships
Lord Peter Cruddas	2	0

David Fineberg	0	0

The following are out of scope 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 Group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.

3.5. Summary of Diversity Policy

The Group's Diversity and Inclusion Statement and Policy sets out the Group's commitment to creating an environment that ensures that everyone is treated with fairness, dignity, and respect. The invaluable contribution of our people has been at the heart of CMC Market's success. We recognise that our future accomplishments hinge on cultivating and enriching an environment where our employees can fully realise their potential. This involves prioritising areas such as workforce diversity, talent development, gender and equal pay of our workforce, and taking decisive steps to create a workplace where everyone can flourish, irrespective of their beliefs and identities.

In support of the Group's commitment to Diversity, Equity & Inclusion ('DE&I'), the Firm continues its progress through our intranet portal, offering various educational and learning resources as well as partnering with Inclusive Employers and LinkedIn Learning. We continue to support various initiatives through the implementation of our structured calendar to recognise and celebrate key moments throughout the year. This included a guest appearance from Jo Fairly, founder of Green & Blacks, in recognition of International Women's Day and various webinars focussing on: Uncovering Financial Wellbeing, Embracing Difference and Developing Resilience, to name a few. Our Women@CMC network has focused on "The Year of Growth – where Growth fuels success". This has seen a focus on delivering various initiatives which centre on Empowering Mind and Body, Building Financial Confidence, Accelerating Career Mastery and Inspiring impact.

Key points relating to Diversity from the past year include:

- Overall global gender balance at CMC has remained stable at 29% female and 71% male. Gender Pay Gap reporting this year showed our mean gender pay gap at 27% and median gender pay gap remaining at 17%.
- Females in senior management roles at 14.3% (March 2025) using the FTSE Women Leaders Framework.
- 74% of employees feel people from all backgrounds have equal opportunities to succeed within the Group (2025 Annual Global Engagement Survey).
- 67% of employees agree that the Group values DE&I (2025 Annual Global Engagement Survey).

3.6. Risk Committee

In accordance with MIFIDPRU 7.3.1R, a non-SNI MIFIDPRU firm is required to establish a risk committee. However, as a result of a waiver granted by the FCA, the obligations to establish nomination, risk and remuneration committees at the individual firm level no longer apply. In accordance with the terms of the waiver, the Firm can leverage the existing CMC Group remuneration, risk and nomination committees.

4. Own Funds

4.1. Own Funds

The Firm only holds Common Equity Tier 1 Capital, which includes share capital, other audited reserves and retained earnings. No deductions are made from Common Equity Tier 1 capital.

In accordance with MIFIDPRU 8.4, the Firm is required to provide information regarding its Own Funds instruments in addition to how these reconcile to the balance sheet.

The composition of own funds is illustrated in more detail in Table 1 below, with Table 2 demonstrating how this aligns to the Balance Sheet in the Financial Statements. Table 3 discloses the main features of the Own Fund Instruments issued by the Firm.

The Firm does not have Additional Tier 1 or Tier 2 Capital.

Table 1: Composition of Regulatory Own Funds

31 March 2025	Item	Amount (£ '000)	Source[3]
1	Own Funds	7,093	
2	Tier 1 Capital	7,093	
3	Common Equity Tier 1 Capital	7,093	
4	Fully Paid Up Capital Instruments	20,000	iii
5	Share Premium	-	
6	Retained Earnings	(12,907)	iv
7	Accumulated Other Comprehensive Income	-	
8	Other Reserves	-	
9	Adjustments to CET1 Due to Prudential Filters	-	
10	Other Funds	-	
11	(-) Total Deduction from CET1	-	

[3] Based on reference numbers of the Balance Sheet in the audited Financial Statements

Table 2: Reconciliation of Regulatory Own Funds to the Balance Sheet in the Audited Financial Statements

As at 31 March 2025 (£'000)		Balance Sheet as in Audited Financial Statements	Cross Reference to Table 1
Breakdown by Asset Classes According to the Balance Sheet in the Audited Financial Statements			
Current Assets			
1	Trade & Other Receivables	4,381	
2	Cash & Cash Equivalents	3,393	
	Total Assets	**7,774**	
Breakdown by Liability Classes According to the Balance Sheet in the Audited Financial Statements			
Current Liabilities			
1	Trade & Other Payables	681	
	Total Liabilities	**681**	
Shareholders' Equity			
1	Ordinary Share Capital	20,000	iii
2	Retained Earnings	(12,907)	iv
	Total Shareholders' Equity	**7,093**	

Table 3: Main Features of Own Instruments Issued by the Firm

Cross Reference to Table 1 & Table 2	Item Reference from the Audited Financial Statements	Features of Own Fund Instrument
iii	Share Capital	Instrument Type: Ordinary Share Capital Amount Recognised in Regulatory Capital: GBP 20,000k Nominal amount of instrument: GBP 1 Accounting Classification: Ordinary Share Capital

5. Own Funds Requirements

5.1. Own Funds Requirements

In accordance with MIFIDPRU 4.3.2, the Firm is required to hold own funds in excess of the greater of the K-Factor requirement, Fixed Overhead Requirement ('FOR') or its Permanent Minimum Capital Requirement ('PMR'). In accordance with MIFIDPRU 8.5, a firm must disclose its K-factor requirements and FOR as detailed in Table 4 below:

Table 4: Own Funds Requirements

Requirement as at 31 March 2025	Total (£ '000)
Sum of K-AUM + K-CMH + K-ASA	19
Sum of K-COH + K-DTF	-
Sum of K-NPR + K-CMG + K-TCD + K-CON	17
FOR	531

The Firm is subject to the following K-Factor requirements:

- Client Money Held ('K-CMH')
- Client Assets Safeguarded and Administered ('K-ASA')
- Client Orders Handled ('K-COH')
- Daily Trading Flow ('K-DTF')
- Net Position Risk ('K-NPR')

The firm was not in scope for K-AUM, K-CMG, K-TCD or K-CON as at 31st March.

5.2. Adequacy of Own Funds

In accordance with the Overall Financial Adequacy Rule ('OFAR')[4] a 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.

The K-factors and the FOR are the starting point to assess the amount of own funds required to sustain ongoing operations and support an orderly wind down respectively.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA') process (which is evaluated at Group level), the Firm may determine that additional own funds are required to cover those risks of harm that are insufficiently covered by the K-factor requirement or the FOR. The Group employs quantitative tools such as stress testing and scenario analysis for this purpose.

The own funds threshold requirement ('OFTR') is calculated as the higher of the own funds requirement and the ICARA own funds assessment and represents the amount of own funds that the firm needs to hold at any given time to comply with the OFAR.

[4] As set out in MIFIDPRU 7.4.7

6. Remuneration

The disclosure requirements regarding remuneration are set out in MIFIDPRU 8.6.

The FCA has defined a high level three tier proportionality framework as set out in the FCA's General Guidance on Proportionality relating to the MIFIDPRU Remuneration Code of SYSC 19G This sets out their expectations on the level of application of the Code requirements to different types of firms. Within these tiers, the Group meets the definition of the proportionality tier 3, and these disclosures reflect the requirements for such tier 3 firms.

6.1. Remuneration Approach

The Firm's approach to remuneration is supported by a framework and policy which are required to comply with the remuneration part of the FCA Handbook (the 'Remuneration Part') - SYSC 19G for MIFIDPRU firms, and SYSC 19F Remuneration and Performance Management of Sales Staff. There is also a regard to the European Securities and Markets Authority ('ESMA') Guidelines on Remuneration policies and practices (MiFID) and the European Banking Authority ('EBA') Guidelines on sound remuneration policies under Directive (EU) 2019/2034. The Firm is also required to comply with similar equivalent laws and regulations in other jurisdictions in which the Group operates.

The Firms' remuneration approach supports business strategy, objectives, values and long-term interests including the attraction and retention of talent. In addition helping in i) ensuring a balanced approach to financial and non-financial considerations ii) ensuring a balanced approach between fixed to variable compensation appropriate to an individual's role iii) creating a strong link between performance and remuneration outcomes rewarding strong performance and promoting meritocracy by recognising individual performance, with a particular emphasis on contribution, risk management and control, CMC's values and iv) delivering shareholder value.

The approach aims to ensure greater alignment between risk and individual reward, discourage excessive risk taking, encourage effective risk management and promote a strong and appropriate conduct culture within the Firm, and has regard to diversity, ethics, fairness and inclusion best practices within the CMC Group. In addition, it is gender-neutral in its application and is designed to create equal remuneration opportunities, whereby remuneration processes and decision making are based on objective considerations an employee's qualifications, performance and behaviour.

The remuneration approach is linked to the Firm's annual review process, which takes place from February to March each year and involves all employees employed before 1st January that year. Within the annual review, individuals are assessed against individual, team and/ or department objectives along with a mandatory conduct and risk objective. Employees who have received any disciplinary proceedings during the performance year will have their renumeration impacted as outlined in the Firm's policy.

The Firm applies a variable remuneration approach across all Group employees, Executive Directors and Non-Executive Directors, which include groups such as Material Risk Takers ('MRTs') and Sales based roles.

6.2. Financial Incentives

In making compensation related decisions, the Firm focuses on long-term, risk adjusted performance (including assessment of performance by the Firms' risk and control functions) and rewards behaviours that generate sustained value for the Firm.

The Firm espouses a total compensation approach, which offers a compensation structure with a mix of compensation components. Some components are mandatory as part of the total compensation package while some flexibility is offered on other components. The compensation mix is regularly assessed to ensure alignment to the geographical and functional markets in which the Firm operates. The remuneration framework seeks to ensure fixed and variable components of the total remuneration are appropriately balanced. For MRTs this includes considerations in relation to the fixed to variable ratio, its rationale and how it is calculated/ checked. The review for MRTs aims to ensure that the structure does not promote or encourage taking undue risk.

6.3. Decision Making Process

Remuneration is the ultimate responsibility of the Board of Directors who delegate to the Group Remuneration Committee. Implementation of remuneration policy for Group staff is the responsibility of Human Resources, with input from the Risk and Compliance functions, the Company Secretariat, Deputy Chief Executive Officer ('Deputy CEO'), Chief Operating Officer ('COO') and Global Head of Markets, with oversight by the Group's Remuneration Committee. The Head of ANZ also has a key role in this process for relevant jurisdictions and Group roles. The Deputy CEO and COO are closely involved in the remuneration process to ensure that both remuneration policy and outcomes reinforce compliance with the Group risk appetite.

The Firm at times utilises the resources of external consultants, such as Willis Towers Watson, McLagan. This may be in order to review and update the remuneration framework and policy, to understand market trends in compensation or receive market compensation data for comparison.

6.4. Material Risk Takers

The Firm identifies individuals whose professional activities have a material impact on its risk profile (known as 'MRTs'). The identification is required under SYSC 19G.5, and the criteria set out in SYSC 19G.3R forms the base review.

The following criteria are used to identify MRTs:

- Extent to which each individual has the ability and authority to make decisions that may impact on material areas of risk set out in CMC's internal risk documentation including: the ICARA review Document, Risk Appetite Statement and ERM Framework;
- Reporting lines including, but not limited to, direct reporting lines to the CEO and Executive Directors;
- Senior Management Functions: staff performing either an SMF role or a Certification Function ('CF') within CMC Markets, i.e. individuals whose professional activities have a material impact on the Firm's risk profile including, but not limited to, those that meet the qualitative definition outlined in the Remuneration Part (staff who identify as MRTs); and
- Level of autonomy in role.

6.5. Characteristics of Remuneration Policies and Procedures

As outlined, the Firm espouses a total compensation approach, which offers a compensation structure with a mix of compensation components. Some components are mandatory as part of the total compensation package while some flexibility is offered on other components. The compensation mix is regularly assessed to ensure alignment to the geographical and functional markets in which CMC Markets operates.

6.6. Key Components of Remuneration

6.6.1. Fixed remuneration

All employees of the Firm receive a fixed salary, consisting of a base salary according to position and function. Many factors can influence an employee's base salary, such as the role, experience level, market pay levels for comparable jobs, location of the job and available talent. Base salary can be all, or a meaningful part, of an employee's total compensation, depending on the job function and the level of role.

The base salary level is evaluated on an annual basis with no guaranteed increase for employees on individual contracts, unless contractual and or mandatory on a country specific basis e.g. indexation of minimum wage in

UK. Fixed pay also includes benefits and pension contributions.

6.6.2. Benefits

All employees receive routine employment benefits on market aligned terms. Benefits are consistent for all employees and do not vary according to seniority. In some locations annual leave varies by length of service in line with the market. In addition, all employees can participate in a Share Incentive Plan ('SIP') based on either physical or phantom shares depending on the jurisdiction.

6.6.3. Pension

Employees receive a pension in their country based on local jurisdictional requirements and market drivers.

6.6.4. Variable compensation

The Firm uses performance-based variable compensation for incentivising and rewarding performance. This includes short-term and long-term incentive programmes. The Firm believes that its variable compensation programs serve a fundamental role in motivating its employees to deliver sustained shareholder value. Variable compensation can be composed of cash, deferred cash, ordinary shares and deferred ordinary share awards. The share awards to MRTs may be subject to retention periods, set deferral percentages and periods in line with regulatory requirements.

Variable awards are discretionary. They are determined on an individual basis including the performance of:

(a) the individual;

(b) the relevant business unit; and

(c) the overall results of the Group.

Non-financial criteria are taken into account as well as financial criteria in determining the quantum of variable compensation.

CMC Markets operates various incentive schemes subject to local regulatory requirements which includes, but is not limited to:

- Annual discretionary bonus;
- Long term incentive plan structured with either performance provisions or as a retention mechanism with continued employment provisions;
- Client referral schemes; and
- Quarterly incentive plans based on specified business volumes.

Non-standard variable compensation approaches for all employees including MRTs include:

- Buy outs of variable remuneration – Are only awarded where evidence is provided that any award from the previous employer is to be forfeited on resignation. The timing of any buy-out award would be aligned to the timetable evidenced from the previous employer. Remuneration Committee approval is required for any buy-out award for MRTs or those in other senior positions.
- Guaranteed variable remuneration – CMC does not support the provision of guaranteed variable awards.
- Retention awards – Retention awards are made when required to retain employees key to specific projects. Remuneration Committee approval is required for all such arrangements relating to MRTs and other senior managers.
- Severance pay – When necessary, CMC pays severance pay reflecting statutory requirements and any collective agreements in each jurisdiction along with market practice, where appropriate. The Remuneration Committee has oversight of the arrangements for MRTs.

6.7. Financial and Non-Financial Performance Criteria

A range of financial criteria are considered when assessing performance across the Group including revenue, profit before tax, earning per share and business costs. Consideration is also given to factors such as compensation paid as a result of client complaints. These are considered at a firm, business unit and, where appropriate, individual level.

Non-financial criteria at a firm wide and business unit level includes performance against our strategic objectives and delivery against our sustainability KPI's. At an individual level all employees are assessed against group wide risk and conduct objectives where such items as individual complaints, commitment to mandatory training and general conduct are considered.

The Firm maintain malus and clawback provisions on both cash incentives and equity awards, which enable the reduction or cancellation of unvested awards and recovery of previously paid compensation in certain situations including, but not limited to:

- Clawback. Where a person participated in, or was responsible for, conduct which resulted in significant losses to the Firm and/ or failed to meet appropriate standards of fitness and propriety; and
- Malus. Where:
    a. there is reasonable evidence of staff member misbehaviour or material error;
    b. the Firm or the relevant business unit suffers a material downturn in its financial performance; or
    c. the Firm or the relevant business unit suffers a material failure of risk management.

Incentive awards are intended and expected to vest according to their terms, but strong recovery provisions permit recovery of incentive compensation awards in appropriate circumstances.

6.8. Key Characteristics of the Deferral and Vesting Policy

CMC uses a stock-based award scheme to defer the appropriate amount of reward for MRTs, Senior Managers and key talent. The deferral of variable remuneration for some incentive schemes encourages sustainable and long-term value creation.

By deferring through stock-based schemes at a firm wide level, this gives exposure to the Firm's share price. At an individual level the terms of the scheme are such as to allow for the application of risk adjustment if required.

Variable rewards for MRTs and Senior Managers are deferred for an average of three years. For Executive Directors, 60% of their variable reward is deferred into stock and vests in three tranches in 3, 4 and 5 years after the grant date. For MRTs and Senior Managers the average is 55%.

All vests are subject to Remuneration Committee approval where consideration is given to a range of factors including the sustained performance of the business and conduct of the individual before permitting the vest to proceed. Other factors such as relevant client outcomes, client feedback and on-going litigation is also considered.

We believe this approach provides a good balance between incentivising the employee to deliver the best outcomes for all stakeholders whilst retaining a significant proportion of variable remuneration.

6.9. Quantitative Disclosures

Total Remuneration FY25	Senior Management		Other MRT		All Other Staff	Total
	Number of recipients	Amount (£m)	Number of recipients	Amount (£m)	Amount (£m)	Amount (£m)
Fixed Remuneration FY25	2	1.07	24	3.80	41.76	46.63
Guaranteed Variable Remuneration FY25	-	-	-	-	-	-
Severance Payments FY25	-	-	-	-	-	-
Highest Severance Awarded to an individual MRT	-	-	-		-	
Total Remuneration FY25	2	1.07	24	3.80	41.76	46.63

Variable Remuneration Awarded FY25	Senior Management		Other MRT	
	Non-Deferred (£m)	Deferred (£m)	Non-Deferred (£m)	Deferred (£m)
Cash	0.58	-	1.34	-
Shares	-	0.87	-	1.66
Share Linked Instruments	-	-	-	-

Deferred Remuneration Awarded in previous performance periods	Senior Management		Other MRT	
	Non-Deferred (£m)	Deferred (£m)	Non-Deferred (£m)	Deferred (£m)
Cash	-	-	-	-
Shares	-	0.80	-	0.74
Share Linked Instruments	-	-	-	-

Deferred Remuneration Awarded in previous performance periods due to vest but have been withheld	Senior Management		Other MRT	
	Non-Deferred (£m)	Deferred (£m)	Non-Deferred (£m)	Deferred (£m)
Cash	-	-	-	-
Shares	-	-	-	-
Share Linked Instruments	-	-	-	-

The Firm's senior management and material risk takers are employed by CMC Markets UK plc.

7. Investment Policy

In accordance with MIFIDPRU 8.7.6, a firm is only required to make disclosures regarding its investment policy in the following circumstances:

- Where its holdings relate to a company whose shares have been admitted to trading on a regulated market;
- Where the proportion of voting rights that the 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 the Firm does not have any company holdings that meet these criteria, the Firm is not required to make the disclosures required in MIFIDPRU 8.7.

8. Further Information

Should you have any queries, please contact:

David Fineberg

Global Head of Strategic Partnerships

D.Fineberg@cmcmarkets.com

CMC Markets plc 133 Houndsditch London EC3A 7BX

Company number: 5145017

As disclosures in this document involve risks and uncertainties, and actual results may differ from those expressed or implied by these statements.