CMC Markets UK plc

Disclosure

31st March 2026

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1. Overview

1.1. Introduction

This document is prepared in accordance with the requirements set out in Chapter 8 of the Financial Conduct Authority's ('FCA') Prudential Source Book for MiFID Investment Firms ("MIFIDPRU"). Quantitative disclosures are made as at 31st March 2026.

1.2. Frequency and scope of disclosures

The disclosures in this document are made in respect of CMC Markets UK plc ('the Firm'). In accordance with MIFIDPRU 8.1.7R disclosures must be made on an individual basis.

In accordance with MIFIDPRU 8.1.10R and 8.1.13R, this report is published on an annual basis on the CMC Group website on the date that the Firm publishes its annual financial statements.

2. Risk management objectives and policies

2.1. Enterprise Risk Management

The Firm's risks and the associated risk appetite, Key Risk Indicators ('KRIs') and controls are assessed, monitored and managed in accordance with the CMC Group's Enterprise Risk Management Framework ('ERMF') which 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:

- Monitoring, reviewing and advising the Board on the Group's overall risk appetite, tolerance and strategy alongside current and prospective risk exposures.
- Monitoring and reviewing the effectiveness of the Group's risk management framework, including the identification, assessment and mitigation of principal and emerging risks.
- Monitoring the ability of the Group's risk management framework to identify the risk facing the Group to ensure a robust assessment of the emerging and principal risks has been undertaken.

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.

2.1.1. Three Lines of Defence Model

The ERMF follows the three lines of defence model, ensuring clear risk ownership and accountability:

1. First Line: Business teams, overseen by regional and executive management, are responsible for identifying, assessing and managing risks and implementing effective controls within their areas.
2. Second Line: Group Risk and Compliance provide oversight and guidance.
3. Third Line: Internal Audit provides independent assurance over the effectiveness of risk management and internal controls. The Group outsources Internal Audit to Grant Thornton

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.

2.1.2. Risk Appetite

The Group's risk appetite defines the level and types of risks the Group is willing to accept in pursuit of its strategic objectives. This is assessed within the ERMF with regard to identified principal risks and is collated in the Risk Appetite Statement. 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 KRIs and are linked to the Group risk appetite. The Group also considers reputational and regulatory implications, client impact and broader market effects.

2.2. Principal Risks

Given the nature of the Firm's business and the financial, market and regulatory environments in which it operates, the Firm 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.

The Firm's principal risks together with the approved risk appetite and key mitigations and controls are outlined in the following sections.

2.2.1. Business and Strategic Risks

2.2.1.1. Emerging risks

We continue to 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 global changes while ensuring they are appropriately governed, risk-managed and commercially viable.

These trends may impact the Firm's competitive position and growth strategy over the medium to long term. They may become principal risks where the Firm is unable to adapt its strategy, product offering or operating model in response to changing client needs.

As the Firm transitions from a spread bet firm to a global multi-asset platform it has strategic, transaction and technological risks in ensuring it prioritises the correct areas of focus. Failure to align people, strategic and talent investment with future global revenue pools and changing client needs will create inherent risk. There is risk that initiatives do not scale into strategic projects.

Strategic risk	
Risk description The risk that our ability to execute our business strategy is impacted by internal decisions or external factors. This includes risks associated with defining, prioritising and delivering strategic initiatives, as well as potential reputational damage affecting market perception, client trust and regulatory relationships **Risk appetite** We are exposed to and have appetite for strategic risk through the execution of our strategic initiatives where there is a risk of failing to successfully deliver what we set out to achieve. As part of our strategic risk, we are also exposed to potential damage to our brand and reputation with the market, clients and regulators. Failure to manage reputational risks could significantly impact our ability to implement our strategic plan. During the year, enhanced focus on our key strategic priorities has strengthened how we deliver on our strategic goals	**Key mitigations and controls** – 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 through legal entity and regional reporting lines. – Product & Initiative Governance: Requiring Board approval for all material products and strategic initiatives.

2.2.2. Financial Risks

2.2.2.1. Emerging risks

Geopolitical and macroeconomic developments, including the ongoing conflict in Ukraine and tensions in the Middle East, may impact the Firm through increased market volatility and uncertainty. While periods of volatility can be beneficial to trading activity, they may also lead to increased margin requirements, funding pressures and heightened risk exposures. These risks are monitored through margin levels, market risk limits, counterparty exposures and capital adequacy. They are most relevant over the short to medium term and may become principal risks where sustained volatility or adverse market conditions materially impact the Firm's financial performance, liquidity or capital position.

Market Risk	
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 appetite** We have 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** – 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. – Model Risk Management: Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reporting. Our market risk models have undergone independent review of model governance in 2026. Artificial intelligence models, especially those that are adaptive or externally sourced, present elevated risk such as bias, lack of transparency and unintended outcomes.

Liquidity Risk	
Risk description The risk that we have insufficient liquidity to meet our 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 appetite** 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** – Liquidity Modelling & Stress Testing: Regular forward-looking liquidity forecasting under both normal and stressed conditions to ensure obligations can be met. – Legal Entity Board Oversight: Responsible for liquidity surplus with escalation to GRC/Board. – 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. – External Funding Sources: Implementation of a commercial paper programme and financial rating to increase diversity of financing options. 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	
Risk description The risk of financial loss arising from a counterparty or obligor failing to meet its obligations as they fall due, including exposure to both clients and financial institutions. **Risk appetite** The Firm has a moderate appetite for credit and counterparty risk.	**Key mitigations and controls** – 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 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	
Risk description The risk that we do 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 appetite** The Firm has a low appetite for breaching regulatory capital requirements or operating with insufficient buffers.	**Key mitigations and controls** – 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. – 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

We monitor emerging regulatory developments and technological advancements, including artificial intelligence, broader digital disruption, digital assets and tokenisation.

These risks may impact operational resilience, regulatory compliance and data security over the medium term, and may become principal risks where control gaps, evolving cyber threats or regulatory changes materially affect operations or client outcomes.

The risk of increased cyber-attacks, AI-enabled fraud and malicious exploitation of technology vulnerabilities is increasingly evident.

Financial Crime	
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 appetite** We have a low appetite for financial crime and implement robust preventative and detective controls to mitigate these risks.	**Key mitigations and controls** – 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. – 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.

Information Security and Technology Risk	
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 appetite** We have a low appetite for data loss, misuse or system failures that impact operations or client services	**Key mitigations and controls** – 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.

Compliance Risk	
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 the consumer duty. **Risk appetite** We have a low appetite for failing to meet regulatory or legislative obligations and are committed to full compliance with applicable laws and regulations, including the Consumer Duty requirements to ensure fair outcomes for customers.	**Key mitigations and controls** – 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. – Local Board Oversight: Regional management and Boards are responsible for ensuring all local compliance and regulatory standards are met. This includes management oversight of the suitability and execution of products to clients. This is overseen by compliance with an expectation that issues are raised directly to GRC and GAC for further consideration by the Board.

Legal Risk	
Risk description The risk of financial loss, regulatory consequences or reputational damage arising from legal proceedings, disputes or failure to comply with contractual or legal obligations. This includes exposure to litigation from clients, counterparties or third parties, as well as risks arising from evolving legal frameworks across jurisdictions. **Risk appetite** We have low appetite for legal risk, particularly where it may result in significant financial loss, regulatory sanction or reputational damage.	**Key mitigations and controls** – Legal Oversight & Governance: Dedicated legal function providing advice and oversight on legal and contractual matters, with escalation to senior management, GRC, GAC and the Board where appropriate. – External Legal Support: Engagement with external legal advisers on complex or material matters, including ongoing litigation and regulatory issues. – Contractual Controls: Standardised legal documentation and review processes to ensure clarity of obligations and to minimise contractual risk. – Regulatory & Legal Monitoring: Ongoing monitoring of legal and regulatory developments across jurisdictions to assess potential impacts on the business. – Litigation Management: Active management of legal proceedings, including assessment of potential exposures, provisioning where appropriate and regular reporting to senior management and the Board. – Risk & Control Framework Integration: Inclusion of legal oversight within the Group's principal management framework, including escalation through GRC, GAC to the Board.

Operational Risk	
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. **Risk appetite**	**Key mitigations and controls** – Process & System Controls: Automating key processes, optimising workflows, and implementing robust IT security measures. – Incident & Risk Management: A structured incident response framework, continuous monitoring, and risk escalation procedures.

The Firm has a low risk appetite for operational failures that could cause material financial, reputational, or regulatory impact.	– 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.

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 the principal UK business within the Group and leverages relevant Group departments and Committees (Audit, Nomination, Risk and Remuneration, see section 3.2).

The Firm's Board and senior management believe that his 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:

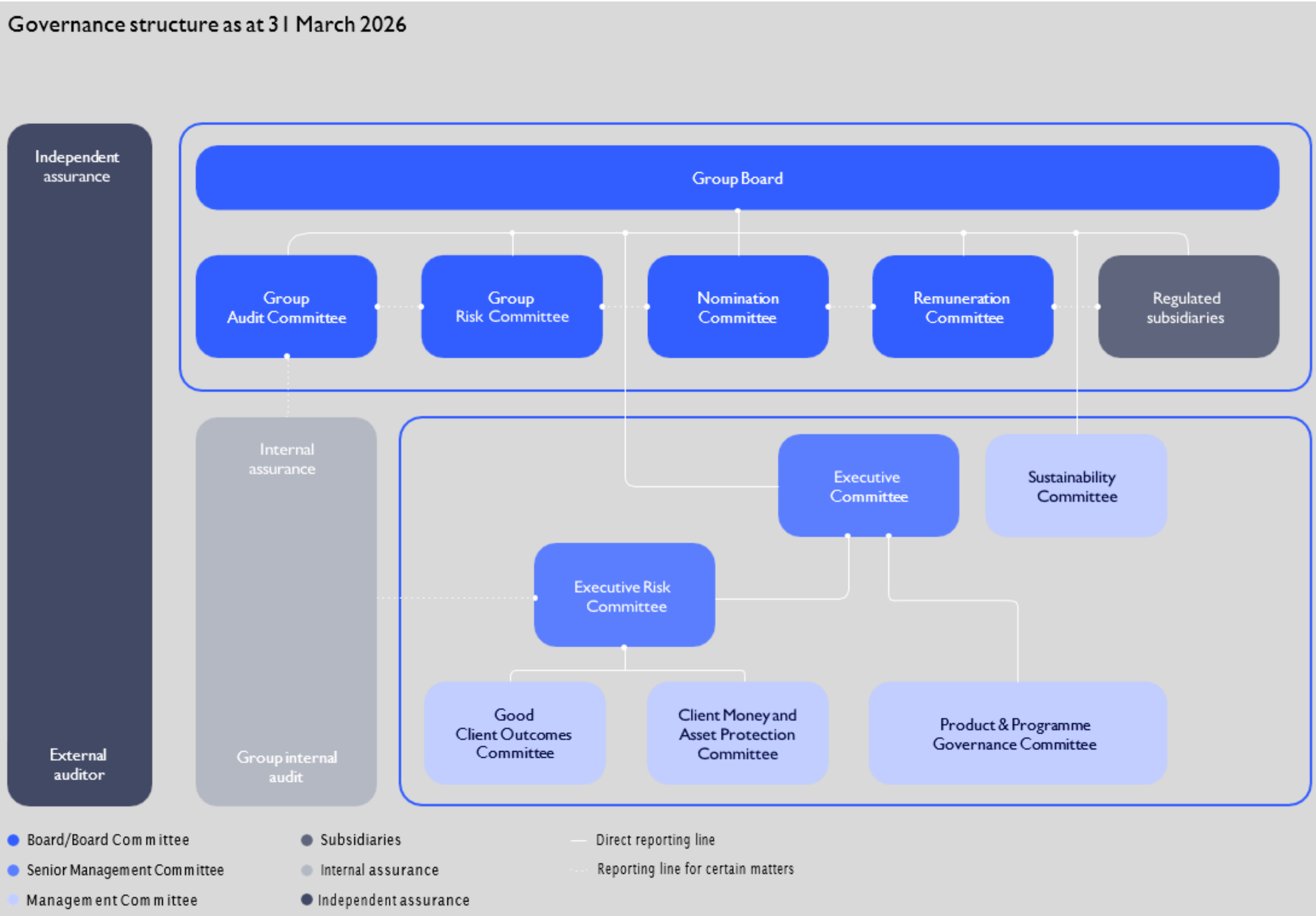
- Approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance;
- Ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system;
- Oversees the process 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; and
    - 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. Governance Structure

The CMC Group's governance structure is set out below:



In accordance with MIFIDPRU 7.3.1R a non-SNI MIFIDPRU firm is required to establish a risk committee. The Firm has been granted a waiver by the FCA such that it is permitted to meet this requirement with a committee established at the Group level.

3.3. Board of Directors

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

The Directors of CMC Markets UK 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
- Jonathan Bendall — Chief Operating Officer

3.4. Number of Directorships

The number of Executive and non-Executive directorships held by the Directors at the year ended 31 March 2026 were as follows:

Director	Number of Executive Directorships	Number of Non-Executive Directorships
Lord Peter Cruddas	2	0
David Fineberg	1	0
Laurence Booth	1	0
Jonathan Bendall	1	0

The following are out of scope for this analysis [MIFIDPRU 8.3.2R]:

- 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 Firm is included within the Group Diversity and Inclusion Statement and Policy which 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'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.

Further details on the Group's approach to diversity are included in the CMC Markets plc annual report.

4. Own Funds

The Firm has not issued any Additional Tier 1 or Tier 2 instruments and accordingly its own funds consist only of Common Equity Tier 1 (‘CET1’).

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 audited financial statements. Table 3 discloses the main features of the own fund instruments issued by the Firm. Only relevant headings are shown in these tables.

Table 1: Composition of regulatory own funds

31 March 2026	Item	Amount (£‘000)	Source[1]
1	**Own Funds**	**342,932**	
2	**Tier 1 Capital**	**342,932**	
3	**Common Equity Tier 1 Capital**	**342,932**	
4	Fully Paid-Up Capital Instruments	539	24
6	Retained Earnings	390,983	
8	Other Reserves	(410)	25
9	Adjustments to CET1 Due to Prudential Filters	(132)	
11	(-) Total Deduction from CET1	(48,047)	10, 13

[1] 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

31 March 2026		Balance sheet as in audited financial statements (£'000)	Cross Reference to Table 1
Breakdown by asset classes according to the balance sheet in the audited financial statements			
Non-Current Assets			
1	Intangible Assets	12,757	11
2	Property Plant & Equipment	12,359	
3	Deferred Tax Assets	1,625	
4	Investment in Subsidiary Undertakings	35,291	11
5	Financial Investments	11,065	
6	Trade & Other Receivables	11,373	
Current Assets			
7	Trade & Other Receivables	159,432	
8	Secured Financing	3,672	
9	Derivative Financial Instruments	1,243	
10	Financial Investments	115,716	
11	Other Assets	1	
12	Amounts Due from Brokers	283,106	
13	Cash & Cash Equivalents	106,822	
14	Current Tax Recoverable	14,473	
	Total Assets	**768,935**	
Breakdown by liability classes according to the balance sheet in the audited financial statements			
Current Liabilities			
1	Trade & Other Payables	251,528	
2	Amount Due to Brokers	8,719	
3	Derivative Financial Instruments	3,668	
4	Secured Borrowings	55,667	
5	Borrowings	46,777	
6	Lease Liabilities	1,505	
7	Current Tax Payable	86	
8	Provisions	516	
Non-Current Liabilities			
9	Lease Liabilities	7,089	
10	Deferred Tax Liabilities	2,068	
	Total Liabilities	**377,823**	
Shareholders' equity			
1	Ordinary Share Capital	539	4
2	Other Reserves	(410)	8
3	Retained Earnings	390,983	6
	Total Shareholders' Equity	**391,112**	

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

Cross Reference to Table 1	Item from the audited financial statements	Features of own funds instrument
4	Ordinary share capital	Instrument Type: ordinary share capital Amount recognised in regulatory capital: £539k Nominal amount of instrument: £1

5. Own Funds Requirements

5.1. Own Funds Requirements

In accordance with MIFIDPRU 4.3.2R the Firm is required to hold own funds in excess of the greater of its Permanent Minimum Requirement ('PMR'), Fixed Overhead Requirement ('FOR') and the K-Factor requirement. These amounts are set out in Table 4:

Table 4: Own Funds Requirements

Requirement as at 31 March 2026	Amount (£'000)
Permanent Minimum Requirement ('PMR')	750
Fixed Overhead Requirement ('FOR')	51,475
Sum of K-AUM + K-CMH + K-ASA	373
Sum of K-COH + K-DTF	1,175
Sum of K-NPR + K-CMG + K-TCD + K-CON	125,962
Total K-Factor requirement	127,510
Own Funds Requirement ('OFR')	**127,510**

5.2. Adequacy of Own Funds

In accordance with the Overall Financial Adequacy Rule ('OFAR') as set out in MIFIDPRU 7.4.7R 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 conducted at the Group level), the Firm may determine that additional own funds are required to cover those risks that are insufficiently covered by the K-factor requirement or the FOR. This assessment considers both the Firm's financial resource requirements arising from its ongoing activities as well as those which would be required to facilitate an orderly wind-down. The latter are determined as part of the Firm's wind-down plan which documents the annual assessment of the steps, resources and governance processes required in the event the Firm were required to commence an orderly wind down.

The own funds threshold requirement ('OFTR') is calculated as the higher of the OFR 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.

6. Remuneration

The Firm applies the remuneration requirements under the FCA MIFIDPRU Remuneration Code (SYSC 19G) on a proportional basis, having regard to the nature, scale and complexity of its activities.

Based on the criteria set out within MIFIDPRU and associated FCA guidance, the Group has assessed itself as a proportionality Tier 3 firm for remuneration purposes. These disclosures therefore reflect the remuneration disclosure requirements applicable to Tier 3 firms under MIFIDPRU 8.

6.1. Remuneration Approach

The Firm's approach to remuneration is supported by a remuneration framework and policy designed to comply with the FCA MIFIDPRU Remuneration Code (SYSC 19G) and the requirements relating to Remuneration and Performance Management of Sales Staff under SYSC 19F. The Firm also has regard, where appropriate, to relevant international regulatory guidance and standards applicable to other jurisdictions in which the Group operates.

The Firm's remuneration approach supports business strategy, objectives, values and long-term interests including the attraction and retention of talent. In addition remuneration helps in:

- ensuring a balanced approach to financial and non-financial considerations,
- ensuring a balanced approach between fixed to variable compensation appropriate to an individual's role,
- 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
- 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 Firm. 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 of 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 prior to that calendar year. Within the annual review individuals are assessed against individual, team and / or departmental objectives along with mandatory conduct and risk objectives. Adverse findings from disciplinary proceedings arising during the performance year will impact employee remuneration in line with the Firm's policy.

The Firm incorporates both ex ante and ex post risk adjustment measures into remuneration decision-making processes. Risk and compliance considerations form part of performance assessment processes, and remuneration outcomes may be adjusted to reflect risk events, conduct issues, control failings or adverse client outcomes.

Employees engaged in control functions are remunerated independently from the business areas they oversee, with remuneration determined primarily by reference to control objectives and functional performance.

The Firm applies a variable remuneration approach across all employees including Executive Directors, Non-Executive Directors, Material Risk Takers ('MRTs') and sales 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 incorporates a mix of components. Some components are mandatory 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 consideration of the fixed to variable ratio, its rationale and how it is calculated. Compensation for MRTs is reviewed frequently to ensure that the structure does not promote or encourage taking undue risk.

The Firm ensures fixed remuneration represents a sufficiently high proportion of total remuneration to enable the operation of a fully flexible variable remuneration policy, including the possibility of paying no variable remuneration where appropriate.

Quantitative remuneration disclosures required under MIFIDPRU 8 are set out in Section 6.8 of this document.

6.3. Decision Making Process

The Group Remuneration Committee is composed predominantly of Non-Executive Directors and operates in accordance with documented terms of reference approved by the Board. The Committee oversees the design, implementation and ongoing operation of the remuneration framework, including remuneration arrangements for MRTs, Executive Directors and senior management.

The Committee receives input from Risk, Compliance, Finance and Human Resources functions to ensure remuneration outcomes appropriately reflect risk management, conduct and regulatory considerations.

The Firm ensures employees engaged in Risk, Compliance and Internal Audit functions are assessed independently from the business units they oversee and are compensated in a manner that does not compromise their objectivity or independence.

The Firm may at times utilise external consultants such as Willis Towers Watson to review and update the remuneration framework and policy in line with market trends.

6.4. Material Risk Takers

The Firm undertakes an annual assessment to identify MRTs in accordance with the qualitative and quantitative criteria set out in SYSC 19G.5. Individuals identified as MRTs include heads of material business units, senior control function personnel and other employees whose professional activities may materially impact the Firm's risk profile.

Incentive arrangements for sales staff are designed to promote fair customer outcomes and avoid conflicts of interest. Financial incentives are balanced with conduct, compliance and customer outcome measures to ensure employees are not incentivised to recommend inappropriate products or services.

MRT identification is reviewed periodically and subject to governance oversight by the Remuneration Committee.

6.5. Key Components of Remuneration

6.5.1. Fixed remuneration

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

6.5.1.1. 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. All employees are eligible to participate in a Share Incentive Plan ('SIP') based on either physical or phantom shares depending on the jurisdiction.

6.5.1.2. Pension

Employees may receive contributions into a pension scheme based on local regulations and market drivers.

6.5.2. 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 programmes 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. Share awards to MRTs may be subject to retention periods, set deferral percentages and periods in line with regulatory requirements.

Variable awards are discretionary and are determined on an individual basis considering financial and non-financial criteria (see section 6.6) relating to the performance of:

- the individual;
- the relevant business unit; and
- the overall results of the Group.

The Firm operates various incentive schemes subject to local regulatory requirements which include, 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 include:

- Buy-outs of variable remuneration – this is 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.
- 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 – where necessary CMC may pay severance pay reflecting statutory requirements and / or any collective agreements in accordance with market practice in the jurisdictions in which the Firm operates. The Remuneration Committee has oversight of the arrangements for MRTs and senior management. Severance arrangements are designed to reflect performance over time and do not reward misconduct, material failure or poor risk management.

The Firm does not offer guaranteed variable remuneration, except where permitted by applicable regulation and limited to new hires in exceptional circumstances.

6.6. Financial and Non-Financial Performance Criteria

A range of financial criteria are considered when assessing performance including revenue, profit before tax, earnings 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.

Where appropriate, sustainability and non-financial strategic objectives may form part of broader performance assessment criteria. At an individual level all employees are assessed against group-wide risk and conduct objectives where items such 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 results in significant loss to the Firm and/ or failed to meet appropriate standards of fitness and propriety; and
- Malus. Where:
  - there is reasonable evidence of misbehaviour or material error;
  - material regulatory breaches, significant conduct failings, reputational damage, or circumstances where the individual failed to meet expected standards of fitness and propriety;
  - the Firm or the relevant business unit suffers a material downturn in its financial performance; or
  - 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.

6.7. Deferral and Vesting

CMC uses a stock-based award scheme to defer the appropriate amount of reward for MRTs, Senior Managers and key talent. Deferred remuneration arrangements are designed to support long-term alignment between employee remuneration, prudent risk management and sustainable business performance. Deferred awards remain subject to malus provisions throughout the deferral period and vesting outcomes are subject to ongoing assessment of individual conduct, risk management and business performance.

Deferring compensation through stock-based schemes at a firm wide level gives employees exposure to the Firm's share price resulting in alignment of interest with shareholders. At an individual level the terms of any deferral allow for the application of a risk adjustment if required.

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

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 ongoing litigation is also considered.

The Firm believes 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.

6.8. Quantitative Disclosures

Table 5: Total Remuneration

Total Remuneration FY26	Senior Management		Other MRT		Other Staff	Total
	No. of recipients	Amount (£m)	No. of recipients	Amount (£m)	Amount (£m)	Amount (£m)
Fixed Remuneration	3	1.8	14	2.4	35.4	39.6
Variable Remuneration:						
Cash (non-deferred)	3	1.1	10	0.8	4.1	6.0
Shares (deferred)	3	1.7	11	1.1	1.3	4.1
Total	3	4.6	14	4.3	40.8	49.7

Table 6: Deferred Remuneration

Deferred Remuneration awarded in previous periods (£m)*	Senior Management	Other MRT	Other Staff
Shares (vesting in FY27)	0.7	0.4	1.3
Shares (vesting in future periods)	4.5	2.4	3.8
Share-linked instruments (vesting in FY27)		0.5	0.5

*values are based on amounts awarded at the time and do not account for performance conditions

There were no severance payments made to MRTs in the period and there was no deferred remuneration which has been withheld as a result of a performance adjustment.

7. Investment Policy

In accordance with MIFIDPRU 8.7.6R the Firm is 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.

During the course of the year the Firm held positions in the entities disclosed in Table 7. Where the proportion of voting rights held varied during the course of the year the peak recorded value has been included.

Table 7 – proportion of voting rights

Company name	LEI	Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R
De La Rue plc	213800DH741LZWIJXP78	9.2%
Gulf Navigation Holding PJSC	984500854E13DB5DMB85	11.9%
UK Oil & Gas plc	213800IZP9HKGVLHQ907	9.8%

The firm did not exercise any voting rights in respect of the above holdings.