

22 August 2019

CMC Markets Plc

Response to ASIC consultation paper and update on current trading

CMC Markets plc ("CMC") notes the announcement by the Australian Securities and Investments Commission ("ASIC") issued today regarding a consultation on the application of product intervention powers on the issuance and distribution of binary options and contracts for difference to retail clients.

In its consultation paper, ASIC are seeking industry comment on the proposed introduction of regulatory changes, covering binary options, leverage ratio limits, margin close-out, negative balance protection, inducements and disclosure. The changes proposed are similar to that already implemented in other jurisdictions, including ESMA. ASIC is required to consult with the industry before making a product intervention order. Any product intervention order which ASIC makes is only effective for up to an initial period of 18 months.

Fair outcomes for clients have always been a focus for CMC. Benefitting from its proprietary technology and focus on targeting higher valued experienced clients, CMC is well prepared to respond quickly and manage any regulatory changes as required.

CMC noted in its Q1 Trading Update on 25 July 2019 that the imposition of limits by ESMA had resulted in a period of transition, where clients adjusted their trading behaviour to the new environment and CMC adjusted its model accordingly. Following the stabilisation noted in the Q1 update, the Board is pleased to see that net operating income has performed strongly through the summer.

Australia is an important part of CMC's balanced and diverse portfolio of regions and products, with a large non-leveraged stockbroking business and a leveraged CFD business aimed at more sophisticated investors. In the last financial year ended 31 March 2019, the Australian business as a whole represented 31% of the Group's net operating income. Within that, CFD net revenue constituted 20% of Group CFD (and Spread bet) net revenue and 17% of the Group's net operating income.

CMC values regular and transparent dialogue with regulators. Key to this dialogue is CMC's belief in a consistent approach to regulation, a level playing field, and raising standards in the industry. CMC will continue to engage with ASIC over the coming months and will harness the experience gained from recent UK and European regulatory changes when responding and adapting to any measures implemented by ASIC.

Outlook

On the basis of recent and current trading as noted above, the Board believes that CMC is currently on track to report net operating income and Profit Before Tax for the year ended 31 March 2020 that is marginally ahead of the upper end of the current range of analysts' forecasts.^{1,2}

Forward looking statements

This trading update may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied

by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date such statements are published.

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Notes to Editors

1. The range of publicly available analysts' forecasts for net operating income for 2020 is £149.2m to £159.6m, with a mean of £154.0m based on company compiled consensus as at the date of this announcement.
2. The range of publicly available analysts' forecasts for Profit Before Tax for 2020 is £23.4m to £26.3m, with a mean of £24.6m based on company compiled consensus as at the date of this announcement.

About CMC Markets plc

CMC Markets plc, whose shares are listed on the London Stock Exchange under the ticker CMCX (LEI: 213800VB75KAZBFH5U07), was established in 1989 and is now one of the world's leading online financial trading businesses. The company serves retail and institutional clients through regulated offices and branches in 13 countries, with a significant presence in the UK, Australia, Germany and Singapore. CMC Markets offers an award-winning, online and mobile trading platform, enabling clients to trade up to 10,000 financial instruments across shares, indices, foreign currencies, commodities and treasuries through contracts for difference ("CFDs"), financial spread bets (in the UK and Ireland only) and, in Australia, access stockbroking services. More information is available at <http://www.cmcmarkets.com/group/>.