CMC Markets plc

(the “Company”)

Schedule of Matters Reserved for the Board

References to the “**Group**” shall mean the Company together with its subsidiary undertakings.

This document sets out the schedule of matters that, subject to any applicable provisions of law or of the Company’s articles of association that provide for certain matters to be determined or approved by the Company’s shareholders, are reserved for the board of directors (the “**Board**”). Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees or in the delegation of authority to the Chief Executive Officer.

1	**Strategy and management**
1.1	Responsibility for the overall leadership of the Company and promoting the Company’s culture and values.
1.2	Approval of the Group’s strategic and financial aims and objectives.
1.3	Approval of the annual business plan, performance targets and operating and capital expenditure budgets and any material changes to them. Ensuring resources required to meet growth plans in a safe and sound manner are planned and put in place.
1.4	Review of performance in the light of the Group’s strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
1.5	Oversight of the Group’s operations ensuring: • competent and prudent management; • sound planning; • maintenance of sound management and internal control systems; • adequate accounting and other records; and • compliance with statutory and regulatory obligations.
1.6	Review of performance in the light of the Group’s strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.
1.7	Material extension of the Group’s activities into new business or geographic areas.
1.8	Any decision to cease to operate all or any material part of the Group’s business or make any material change to the business.
2	**Structure and capital**
2.1	Material changes relating to the Group’s capital structure and debt securities including any reduction of capital, share issues (except under employee share plans), share buybacks including the use of treasury shares, redemption or issue of debt.
2.2	Major changes to the Group’s corporate structure including, but not limited to, acquisitions and disposals of shares which are material relative to the size of the Group in question (taking into account initial and deferred consideration) and material equity investments and disposals.

2.3	Any injection of capital into a subsidiary whether by way of loan or subscription for shares.
2.4	Any changes to the Company's listing or its status as a PLC.
2.5	Changes to the Group's management and control structure.

3	**Financial reporting and controls**
3.1	Approval of the half-yearly report, any quarterly reports and any preliminary announcements of the final results.
3.2	Approval of the annual report and accounts, including the corporate governance statement and directors' remuneration report.
3.3	Approval of the Company's dividend policy.
3.4	Declaration of the interim dividend, any special dividends and recommendation of the final dividend and approval of any share dividend alternative.
3.5	Approval of any significant changes in accounting policies or practices.
3.6	Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
3.7	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
3.8	Approval of Client Money policy and oversight of Client Money reporting.
4	**Internal Controls and Risk Management**
4.1	Establishing and ensuring maintenance of a sound system of internal control and risk management including: • approving the Group's risk appetite statements, key risk limits and risk management framework; • receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support strategy and objectives and compliance with applicable laws and regulations; • approving procedures for the detection of fraud and the prevention of bribery; • undertaking an annual assessment of these processes; and • approving an appropriate statement for inclusion in the annual report.
4.2	Commencement or settlement of material litigation or an alternative dispute resolution mechanism above £ 250,000.
4.3	Settlement of material regulatory proceedings above £ 50,000.
5	**Contracts**
5.1	Approval of capital projects or any materially strategic contracts, entered into the Company or any member of the Group.
5.2	Contracts entered into by any member of the Group not in the ordinary course of business, which have a value exceeding £500,000 or are unusual, long term or onerous.

5.3	Any joint venture agreement, material outsourcing agreement or proposal to insource material activities.
5.4	Contracts of any member of the Group outside of the ordinary course of business, which expose the Group to unlimited legal liability.
5.5	Major investments including the acquisition or disposal of interests of more than 3 per cent in the voting shares of any company or the making of any takeover offer.
5.6	The making of recommendation to accept any takeover or merger offer.
5.7	Any securitisation.
6	**Communications**
6.1	Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
6.2	Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
6.3	Approval of all circulars, prospectuses and listing particulars unless the document to be approved has no unusual features and does not require approval by the FCA.
6.4	Approval of press releases concerning matters decided by the Board.
7	**Board membership and other appointments**
7.1	Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
7.2	Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Group and on the Board.
7.3	Appointments to the Board, following recommendations by the Nomination Committee.
7.4	Selection of the chairman of the Board and the Chief Executive Officer.
7.5	Appointment of the senior independent director.
7.6	Membership and chairmanship of Board committees following recommendations from the Nomination Committee.
7.7	Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
7.8	Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
7.9	Appointment or removal of the company secretary.
7.10	Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval at a general meeting, following the recommendation of the Audit Committee.
7.11	Appointments of the Chairman and members of boards of subsidiaries.
7.12	Dismissal or suspension of the Chief Executive Officer or Chief Financial Officer
8	**Remuneration**
8.1	Determining the remuneration policy for the executive directors and the Chairman.

8.2	Subject to the consideration by the Chairman and executive directors and their recommendation to the Board, determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
8.3	Recommending and monitoring more generally the level and structure of remuneration for senior management.
8.4	The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.
8.5	Reporting to shareholders each year on the remuneration policy.
9	**Delegation of authority**
9.1	The division of responsibilities between the chairman and the Chief Executive Officer which should be clearly established, set out in writing and agreed by the Board.
9.2	Approval of the delegated levels of authority, including the Chief Executive Officer's authority limits (which must be in writing).
9.3	Establishing Board committees and approving their terms of reference, and approving material changes thereto.
9.4	Receiving reports from Board committees on their activities.
10	**Corporate governance matters**
10.1	Approving the procedure for a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities, undertaking such a review and taking action where required.
10.2	Determining the independence of non-executive directors in the light of their character and judgment and whether there are any relationships or circumstances which affect their judgement. Please refer to the Appendix for the UK Corporate Governance Code's provisions on the criteria for independence.
10.3	Considering the balance of interests between shareholders, employees, customers and the community.
10.4	Review of the Group's overall corporate governance arrangements.
10.5	Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
10.6	Considering and, as appropriate, authorising any actual or potential conflicts of interest in accordance with the Company's articles of association and the Companies Act 2006.
11	**Policies**
11.1	Approval of key Group policies, including any material amendments thereto from time to time.
12	**Other**
12.1	The making of charitable and political donations.
12.2	Approval of the appointment of the Group's principal professional advisers.
12.3	Prosecution, commencement, defence and settlement of litigation or an alternative dispute resolution mechanism involving above £ 250,000or being otherwise material to the interests of the Group.

12.4	Approval of the overall levels and other key terms of insurance for the Group including directors' & officers' liability insurance and indemnification of directors.
12.5	Major changes to the rules of any of the Group's pension schemes, or changes of trustees or, when this is subject to the approval of the Company, changes in the fund management arrangements.
12.6	Approval of any and all matters required to be recommended to or agreed with the Board in accordance with the terms of reference of the Board's committees and/or the Company's system of delegated authorities.
12.7	Any other matters not listed above which because of their strategic, risk, financial, key person, regulatory or reputational implications or consequences should be addressed by the Board as a matter of material business impact.
12.8	This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

Appendix
B 1.1. of the UK Corporate Governance Code

The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

FURTHER GUIDANCE ON INDEPENDENCE

ISS PROXY VOTING GUIDELINES 2015

The Guidelines set out that:

- Independence of non-executive directors is assessed on an ongoing and case-by-case basis. In addition to Code Provision B.1.1, ISS considers that a non-executive director is likely to be considered as non-independent, which may result in a negative vote recommendation, if the board attests him to be non-independent, if he is a former board chairman, if he has a substantial personal shareholding of 1% or more or if he has had tenure on the board for more than nine years.
- A non-executive director with fifteen years of board service is considered to have had his independence impaired and ISS may recommend a vote against his re-election.
- The ISS Policy on smaller companies applies to members of the FTSE Fledgling index. In relation to director independence, in addition to the core policy, a smaller company non-executive director will be considered non-independent if his shareholding exceeds 3%. Although the award of options, additional remuneration or other incentive schemes may impair independence, options will not impact that independence if the quantum is not considered material and the company has a policy of no longer granting options to non-executives.

INVESTMENT ASSOCIATION AND EY: BOARD EFFECTIVENESS - CONTINUING THE JOURNEY

The report indicates that:

- An increase in a non-executive's time commitment does not necessarily affect his independence
- Rather than the nine year tenure rule, there appears to be a move in practice to a six year term, except in the case of complex companies where nine years may be a more suitable term to fully understand the business.

NAPF: CORPORATE GOVERNANCE POLICY AND VOTING GUIDELINES 2014/15

The Guidelines set out that:

- The nine-year tenure guideline is aimed at refreshing the board and not setting a limit on an individual's value to the board. Boards should provide details of their succession and refreshment plans on the proposed re-election of a long-serving NED, particularly if he chairs an important board committee
- With regard to independence and in considering the rationale for the re-election of a long-serving director, investors will pay particular attention to the board's general refreshment and succession planning and that it is in the interests of companies to present as much detail about such plans as is feasible
- With regard to independence, shareholders will assess the company’s explanation and may take account of overall corporate governance standards and history and wider independence on the board, evidence of independence in the director’s conduct, confirmation that independence was evaluated and length of service of the executive directors
- Details of the relationship with a controlling shareholder should be disclosed to shareholders and any relationship agreement should detail any entitlements to governance arrangements (such as board appointments). The agreement should be available to shareholders unless there are commercially sensitive details. Voting sanctions against a non-independent NED may be warranted only if the composition of the key committees or the balance of the board is compromised.

** Please note that the NAPF is now the Pensions and Lifetime Savings Association (PLSA)*

PIRC: SHAREHOLDER VOTING GUIDELINES 2015

The Guidelines set out that:

- PIRC assesses materiality on a case-by-case basis for conflicts of interest, or the perception of conflicts of interest
- A company's explanation that a director is independent in character does not designate the director as independent. The board must provide evidence and a detailed defence of a director’s independence if it considers a specific conflict to be immaterial
- In addition to the independence criteria in Code Provision B.1.1, PIRC's guidelines set out additional factors to be taken into account and is of the view that a director is not independent if he:

    - has had a significant association with the company or group of more than nine years (including predecessor companies in mergers and acquisitions);
    - has, or has had in the recent past, a material business relationship with the company through a political or charitable body that receives the company's support;
    - has not been appointed by an appropriately constituted nomination committee or other independent process;
    - receives third party remuneration in relation to the directorship;
    - serves as a director or employee of a company in which the company has a notifiable holding;
    - acts as a stakeholder group's (other than shareholders as whole) appointee/representative;
    - erves as a director or employee of one of the company's significant competitors
- Close family ties through material business relationships may affect a director's independence
- The company should disclose adequate biographical details for all directors, so that shareholders can judge their independence and competence
- A non-executive director nominated by a shareholder is likely to have a conflict of interest. . If there is no prior material link to the nominating shareholder and the candidate is considered independent under existing guidelines, PIRC may consider acceptability of this on a case-by-case basis
- Election of directors with unjustifiable conflicts of interest is not supported by PIRC. In the case of an extraordinary conflict, PIRC may recommend voting against those conflicted directors and also directors who have allowed the election