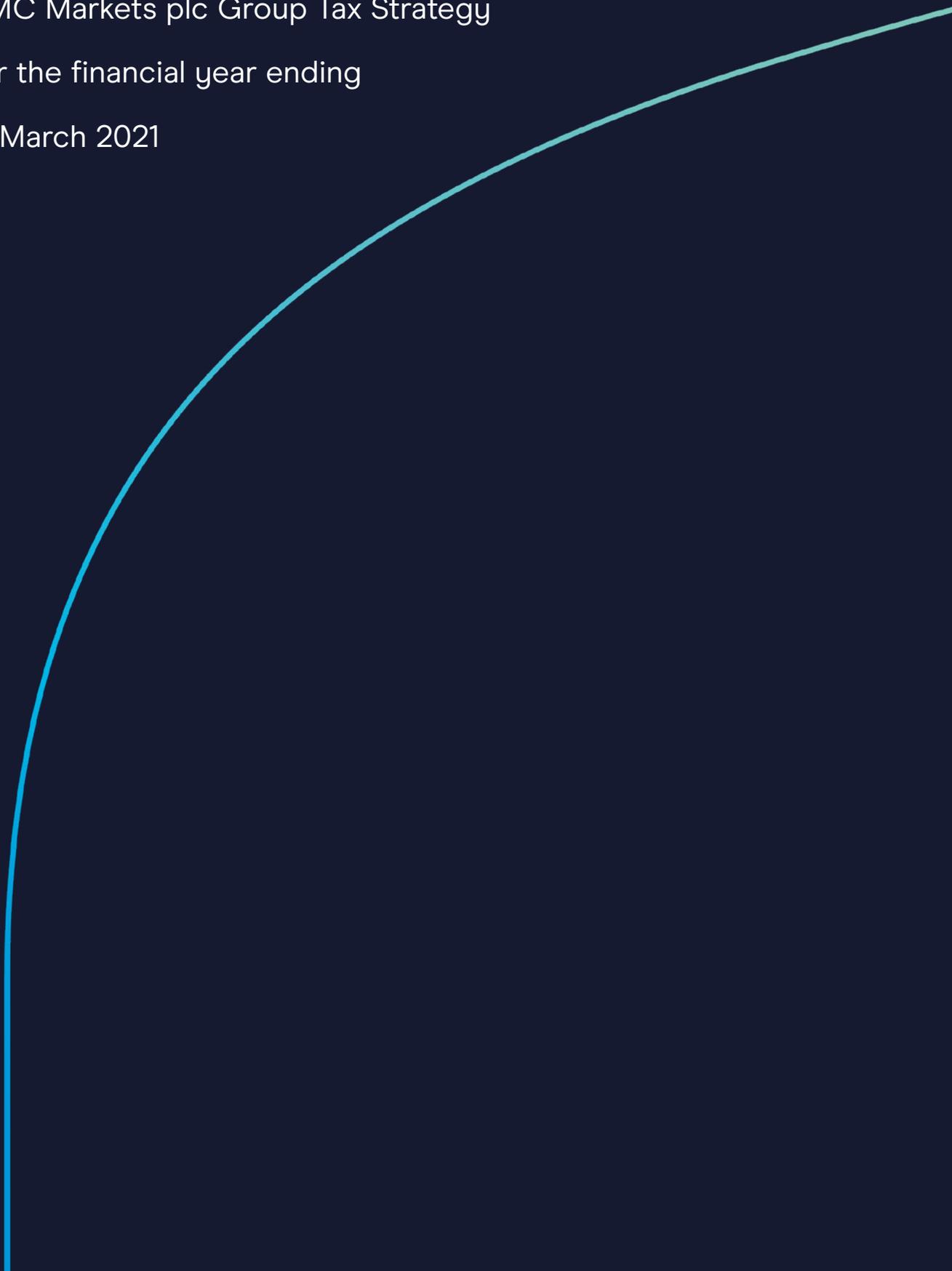




CMC Markets plc Group Tax Strategy

For the financial year ending

31 March 2021

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Group Tax Strategy For the financial year ending 31 March 2021

1. Introduction

1.1 Purpose

This document represents the tax strategy for CMC Markets plc and all its wholly owned subsidiaries (together referred to throughout this publication as “CMC” or the “Group”).

The Group prepared this statement to meet all of the requirements for qualifying UK groups to publish a group tax strategy under Paragraph 16(2), Schedule 19, of the Finance Act 2016 and to demonstrate the Group’s commitment to being open and transparent regarding its tax affairs and to complying with its UK and global tax obligations.

1.2 Scope and Application

This strategy has been endorsed by the Board of CMC Markets plc (the “Board”) and applies to all entities within the Group from 1 April 2020. A list of the UK incorporated and resident entities forming part of the Group is included in Appendix A. This strategy covers all taxes payable and reportable by the Group across the UK and any other states or territories in which CMC’s tax obligations arise.

This document will be reviewed annually and will be approved by the Board prior to republication.

1.3 About CMC

CMC Markets plc is listed on the London Stock Exchange and has a global footprint, with people and operations throughout the UK and Europe, North America and Asia Pacific.

CMC is a leading global provider of online financial services to the retail and institutional markets. CMC enables clients to trade a broad range of financial instruments through its award-winning Next Generation trading platform alongside the Group’s other proprietary trading software.

2. Tax Governance at CMC

2.1 Managing tax risk

The Board is responsible for defining the Group’s tax risk appetite and has approved the Group’s Global Tax Governance Policy (the “Policy”). This Policy sets the Group’s tax strategy and code of conduct and governs how the Group conducts itself with regards to its tax affairs, including how the business identifies and manages tax risk globally. The Policy is drafted broadly and includes the Group’s obligations under the Corporate Criminal Offences regime.

The Board has delegated tax risk management to the Group’s Risk Committees and the Chief Financial Officer (“CFO”), who together are responsible for overseeing the conduct of the business regarding tax risk management and overseeing the Group’s material tax risks.

The CFO has delegated day to day management of the Group’s tax affairs to the London based Group Tax team, who have a global remit over tax including monitoring and reporting on the Group’s tax obligations globally and ensuring the Group operates and manages tax risk within tolerable limits.

The Group’s approach to tax risk management, as outlined in the Board endorsed tax Policy, is based on the following processes and is consistent with the Group’s risk management framework:

2.1.1. Risk identification and assessment

The Group assess known or potential tax risks to understand its nature and level of priority. This determines whether any additional mitigation steps are required and if so outlines any documentation and substantiation, escalation and reporting requirements.

The Group has defined a list of business transactions or events in which a risk assessment and mitigation process is automatically required to be performed. This list is comprised of transactions and events which are generally considered to be significant or complex from a tax perspective and which can give rise to actual tax risk or the perception of tax risk.

2.1.2. Risk management and mitigation

The Group has established a set of protocols which dictate how an identified risk will be managed and mitigated. These protocols determine the extent of tax analysis required, the nature of any engagement with external advisors and/or tax authorities and the level of documentation and internal escalations required.

2.1.3. Risk monitoring and reporting

Identified tax risks are recorded and tracked and the Board and Executive teams are kept informed about significant tax risk items via periodic updates. This includes the risks posed by tax evasion or the facilitation of tax evasion as part of the Group's response to the Corporate Criminal Offence legislation.

2.1.4. Risk assurance

Controls, processes and procedures to manage tax risk are reviewed and tested periodically and are updated as required to accommodate for changes in the nature of the business and/or any law or regulatory change. Significant changes are communicated to Board and Executive level stakeholders to maintain the Group's commitment to transparency.

The Group has taken steps to ensure it has reasonable prevention procedures in place to mitigate the risks posed by tax evasion and the facilitation of tax evasion and will continue to monitor and improve its response on an ongoing basis.

2.2 Attitude towards tax planning and tax risk

The Group is permitted to undertake tax planning initiatives only to the extent they are consistent with the Board endorsed tax Policy. Under the terms of this Policy the Group is committed to paying all of the tax it is required to pay and to complying with all of its tax obligations by the date they are due with the primary objective of remaining a low risk taxpayer and achieving certainty and clarity in relation to CMC's tax affairs.

Areas of tax judgement inevitably arise when tax planning initiatives are considered in the Group's increasingly complex operating environment. In this context the Group can only adopt initiatives where the main driver is the commercial and economic rationale and which achieve an appropriate balance of judgement between the potential benefits to the Group and the reputational and brand perception impacts to the business. For the avoidance of doubt, the Group's policy is never to enter into transactions for entirely tax-driven reasons.

The Group's code of conduct is designed to facilitate these commitments. The code has been endorsed by the Board and includes the following as fundamental guiding principles:

1. Tax planning is permitted to the extent it is within the boundaries of the laws of the impacted jurisdictions;
2. Tax planning and tax risks are considered as part of (but are not key drivers of) the overall commercial assessment of any transaction;
3. To take a balanced approach to the assessment and management of tax risk with a view to being considered by tax authorities as low risk;
4. To have regard to the spirit of the law, rather than taking a strict legal interpretation only;
5. Not to participate in tax evasion or to facilitate the evasion of tax by a third party in any way;
6. To adopt tax positions which are no less than reasonably arguable;
7. To seek external tax advice from reputable, well recognised and regarded tax advisors when the financial or reputational impacts of tax planning initiatives have the potential to impact CMC's objective to remain a low risk taxpayer.

The Group has a zero tolerance approach to tax evasion and the facilitation of tax evasion by any person or persons acting for or on behalf of CMC.

2.3 Interacting with tax authorities

The Group is committed to being open and transparent regarding its tax affairs. The Group openly engages with external stakeholders, including revenue authorities, at the earliest opportunity to discuss tax issues which may be ambiguous.

The Group considers it essential to maintain a positive working relationship with tax authorities. In this context the Group's intention is to work with revenue authorities, including HMRC, to promote a relationship of trust regarding the Group's tax affairs and to ensure tax matters are dealt with quickly and efficiently so the group can remain focussed on its commercial and strategic objectives.

Where appropriate, areas of tax uncertainty are discussed with HMRC in advance to ensure that they are agreed before the event. Where errors in tax submissions and other documents are identified, our aim is to notify tax authorities of these as early as possible and then work collaboratively to rectify the position.

Appendix A

UK incorporated and resident entities forming part of the CMC Group as at 1 April 2020

1. CMC Markets plc (head entity)
 2. CMC Markets Holdings Ltd
 3. CMC Markets UK Holdings Ltd
 4. CMC Markets UK plc
 5. CMC Spreadbet plc
 6. Information Internet Ltd
 7. CMC Markets Overseas Holdings Ltd
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Incorporated and registered in England and Wales under number 05145017