

CMC Markets plc
("the Company")

GROUP AUDIT COMMITTEE
("the Committee")

TERMS OF REFERENCE

1. CONSTITUTION

1.1 The Committee was constituted as a committee of the board of directors (board) of the Company at a meeting of the board held on 25 January 2016 in accordance with the articles of association of the Company. These terms of reference replace any previous terms of reference for any previous Audit committee of the Board.

1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.

1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the Company Secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2. MEMBERSHIP

2.1 The Committee shall comprise a chairman with a minimum of three members. Each Committee member shall be an independent non-executive director as determined by the board (in accordance with the principles of the UK Corporate Governance Code), at least one of whom should have recent and relevant experience working with financial and accounting matters ideally experience of preparing financial statements under International Financial Reporting Standards ("IFRS"). If any member of the Committee is deemed not to be independent, then the board shall provide an explanation as to why they consider it appropriate for such director to be a member of the Committee.

2.2 The board shall appoint members of the Committee, on the recommendation of the Nomination Committee, in consultation with the Committee chairman.

2.3 The chairman of the board shall not be a member of the Committee.

2.4 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.

2.5 The board shall appoint the chairman of the Committee from among the independent non-executive directors and shall determine the period for which the chairman of the Committee will hold office. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting.

2.6 The Committee chairman shall review membership of the Committee annually, as part of the annual effectiveness review of the Committee.

2.7 The Company Secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and

ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

3. MEETINGS: ATTENDANCE, NOTICE, QUORUM AND VOTING

3.1 The Committee shall meet at least three times a year at appropriate times in the Company's financial reporting and audit cycle.

3.2 Outside of the formal meeting programme, the Committee chairman shall maintain a dialogue with key individuals involved in the Company's governance, including the board chairman, the chief executive, the finance director, the external audit lead partner and the head of internal audit.

3.3 Only Committee members have the right to attend and vote at Committee meetings. However, the external auditor, Chief Executive Officer, finance director, head of internal and other non-members may be invited to attend all or part of any meeting as and when necessary by invitation. The Committee chairman shall have the discretion to decide who, other than the Committee members, shall attend and address Committee meetings.

3.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

3.5 Committee members shall be deemed to meet together if they are in separate locations but are linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other.

3.6 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of the finance director, external audit lead partner or head of internal audit.

3.7 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be considered, shall be sent to each member of the Committee and any other person invited to attend, at least three days prior to the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairman.

3.8 The quorum necessary for the transaction of business at a Committee meeting shall be two members for the duration of the meeting (including, whenever possible, at least one member with recent and relevant financial experience). If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.

3.9 A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.10 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting.

3.11 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly, has a personal interest that member shall not be permitted to vote on that matter.

3.12 Except where he has a personal interest, the Committee chairman shall have a casting vote.

4. DUTIES AND RESPONSIBILITIES

The Committee shall carry out the following duties for the Company and its subsidiaries (the "Group") as appropriate:

4.1 Financial reporting

The Committee shall:

(a) Monitor the integrity of the financial statements of the Company and the Group, including:

- (i) The annual report and accounts and interim financial reports;
- (ii) Interim management statements;
- (iii) Preliminary results announcements; and
- (iv) Any other formal announcement relating to the Company's financial performance.

(b) Review and report to the board significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor.

(c) Review and challenge where necessary:

- (i) The consistency of application and appropriateness of the accounting policies, including any changes to accounting policies both on a year on year basis and across the Company and the Group;
- (ii) Whether appropriate accounting policies have been followed and the Company has made appropriate estimates and judgements, taking into account the external auditor's views;
- (iii) The appropriateness, clarity and completeness of financial reporting disclosures and any changes to those disclosures, including the review of any correspondence between the Company and the external auditor;
- (iv) The methods used to account for significant or unusual transactions (including any off balance sheet arrangements) where different approaches are possible;
- (v) Significant adjustments resulting from the external audit; and
- (vi) The assumptions or qualifications in support of the going concern statement (including any material uncertainties as to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the

financial statements) and the longer term viability statement including an assessment of the prospects of the Company and the Group looking forward over an appropriate and justified period.

(d) Monitor compliance with financial reporting standards, requirements of any exchange the Company is listed upon and other financial and governance reporting requirements and report to the Board which has ultimate responsibility of compliance with such standards and requirements.

(e) Review all material information presented with the financial statements, such as the strategic report and the corporate governance statements, insofar as it relates to audit.

(f) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the board.

(g) Approval of accounting treatment policies

4.2 As requested by the board, the Committee shall review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

4.3 Management systems and internal controls

The Committee shall:

(a) Where requested by the board, or the Group Risk Committee, ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks;

(b) Provide advice on how, taking into account the Company's position and principal risks, the Company's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee shall also advise on whether there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the said period, drawing attention to any qualifications or assumptions as necessary;

(c) Management and internal and external audit reports

(i) Review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any material external or internal audit recommendation;

(d) Disclosures

(i) Consider any necessary disclosure implications of the process that has been applied by the board to deal with material internal control aspects of any significant problems disclosed in the annual report and accounts; and

(ii) Consider the major findings of any relevant internal investigations into risk and control weaknesses, fraud, or misconduct and management's response, and also consider whether any such failings or weaknesses are material and therefore require disclosure in the Annual Report and Accounts, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.

4.4 Internal audit

The Committee shall:

- (a) Approve the appointment and removal of the head of the internal audit function (whether an employee or third party provider);
- (b) Review and approve the remit of the internal audit function and assess and ensure that the function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with appropriate professional standards. The Committee shall also ensure that the function has adequate standing and is free from management or other restrictions;
- (c) Ensure the internal audit function has direct access to the board chairman and to the Committee; and is accountable to the Committee;
- (d) Review and assess the annual internal audit plan and be advised of the reasons for any change or delay in the plan and ensure co-ordination between the internal and external auditors;
- (e) Receive a report on the results of the internal auditor's work on a periodic basis;
- (f) Review and monitor management's responsiveness to the internal auditors' findings and recommendations;
- (g) Monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system, irrespective of whether this is an in-house or outsourced function. An independent review should be performed every 5 years; and
- (h) Ensure that the Committee meets with the head of internal audit, without management present, at least once per year.

4.5 External audit

The Committee shall:

- (a) Appointment, reappointment and resignation
 - (i) Consider and make recommendations to the board, to be put to shareholders for approval at the Company's Annual General Meeting ("AGM"), on the selection, appointment, reappointment or removal of the Company's external auditor;

(ii) Ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and, in respect of such tender, oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;

(iii) If any auditor resigns, investigate the issues leading to this and decide whether any action is required; and

(iv) Evaluate the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of the auditor from the market in that evaluation.

(b) Terms of engagement

(i) Oversee the relationship with the external auditor and negotiate and agree their terms of engagement, including any engagement letter issued at the start of each audit, the scope of the audit and, in consultation with the executive directors, agree their remuneration (including fees for both the audit and non-audit services) to ensure that the level of fees is appropriate to enable an effective and high quality audit to be undertaken.

(c) Independence and expertise

(i) Review and assess on an annual basis:

(A) The external auditor's independence and objectivity taking into account the relevant UK law, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services; and

(B) The qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.

(ii) Annually seek reassurance from the external auditor and their staff that they have no relationships with the Company which could adversely affect the auditor's independence and objectivity and, annually seek information from the external audit firm about policies and processes for maintaining independence and monitoring compliance.

(d) Non-audit services

(i) Ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity, satisfying itself that there are no relationships between the auditor and the Company outside the ordinary course of business (including the level of non-audit fees) that could adversely affect the auditor's independence and objectivity, or the audit process; and

(ii) Keep the policy for the provision of non-audit services under review to avoid any threat to auditor objectivity and independence.

(e) Audit cycle

(i) Review and approve the annual audit plan at the start of the audit cycle and ensure it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

(ii) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without the executive directors or management being present, to review the findings of the audit including (but not limited to) any major resolved or unresolved issues that arose during the audit, key accounting and audit judgements and levels of errors identified during the audit;

(iii) Consider communications from the external auditor on audit planning and findings on material weaknesses in accounting that come to the auditor's attention, including a review of material items of correspondence between the Company and the external auditor;

(iv) Review any representation letter(s) requested by the external auditor before they are signed by management and consider whether, based on its knowledge, the information provided is complete and appropriate;

(v) Review, prior to its consideration by the board, the external auditor's report to the directors and their management letter, including management's response to the auditor's findings and recommendations; and

(vi) At the end of the audit cycle, assess the effectiveness of the audit process including:

(A) Reviewing whether the auditor has met the agreed audit plan.

(B) Understanding reasons for material changes to the audit plan.

(C) Considering the external auditor's robustness and perceptiveness in handling key accounting and audit judgements and responding to the Committee's questions.

(D) Obtaining feedback from key people on the conduct of the audit.

(E) Reviewing and monitoring the content of the external auditor's management letter and reporting to the board on the effectiveness of the audit process.

(f) Other matters

(i) Be responsible for the co-ordination between the activities of the external auditor and the internal audit function;

(ii) Agree with the board the Company's policy on employment of former employees of the Company's external auditor and monitor the implementation of this policy; and

(iii) Monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.

4.6 Fraud

The Committee shall annually review the Company's procedures for detecting fraud and financial crime including, but not limited to, money laundering, bribery & corruption and the use of the company to further terrorism.

4.7 Compliance

The Committee shall:

(i) Review the Company's systems and controls for ethical behaviour and the prevention of bribery and receive reports on non-compliance; and

(ii) Review the annual report of the money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls.

5. MINUTES OF MEETINGS

5.1 The company secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

5.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members.

5.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

6. ANNUAL GENERAL MEETING

All Committee members shall attend the annual general meeting and the Committee chairman (or other appropriate member) shall be available to respond to any shareholder questions on the Committee's activities and areas of responsibility and to deal with any questions relating to the appointment, reappointment, resignation or dismissal of the external auditor.

7. REPORTING RESPONSIBILITIES

The Committee shall:

7.1 Report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be made available to Board members;

7.2 Prepare a formal report to shareholders on its activities to be included in the Company's annual report, which shall include:

(i) Details of the membership of the Committee, number of meetings held and attendance over the course of the year;

(ii) The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor;

(iii) An explanation on how the Committee has addressed the effectiveness of internal audit process;

(iv) An explanation of its assessment of the effectiveness of the external audit process (including the provision of non-audit services and an explanation of how, if the auditors provide non-audit services to the Company and the Group, auditor objectivity and independence is safeguarded) and its recommendation on the appointment or reappointment of the external auditor, including length of incumbent auditor's tenure, when a tender was last conducted and any contractual provisions restricting the Committee's choice of auditor, and the amount of fees paid to the auditor for any of its services;

(v) Relevant financial disclosure requirements set out in the UK Corporate Governance Code; and

(vi) Any other issues on which the board has requested the Committee's opinion;

7.3 In compiling the above report, exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but include at least those matters that have informed the board's assessment of whether the Company is a going concern and the longer term viability statement;

7.4 Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;

7.5 Where disagreements between the Committee and the board cannot be resolved, report the issue to the shareholders as part of the report on the Committee's activities in the annual report;

7.6 If the board does not accept the Committee's recommendation regarding the appointment, re-appointment and removal of the external auditors, include a statement explaining its recommendation and reasons why the board has taken a different stance in the annual report; and

7.7 Make available to shareholders these terms of reference by placing them on the Company's website.

8. GENERAL MATTERS

The Committee shall:

8.1 Consider other duties determined by the board from time to time;

8.2 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary as required;

8.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. Any individual training may be discussed and agreed with the Company Secretary;

8.4 Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Rules and Transparency Rules and any other applicable rules as appropriate;

8.5 Work and liaise as necessary with all other board committees; and

8.6 Arrange for annual review of its own effectiveness and performance and, at least annually, review its terms of reference and recommend any changes it considers necessary to the board for approval.

9. AUTHORITY

The board authorises the Committee to:

9.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference as it considers necessary.

9.2 Seek any information it requires from any employee of the Company or any of the Company's subsidiaries to performs its duties.

9.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.

9.4 Call any employee to be questioned at a Committee meeting as and when required and all employees are directed to co-operate with any request made by the Committee.

9.5 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the board.

9.6 Commission, at the Company's expense, any reports or surveys which it deems necessary to help it fulfil its obligations.

9.7 Collectively and individually have direct access to the group finance director, the head of internal audit and the Company's external auditors.

Adopted at the board meeting of the Company on 5 June 2019.