CMC Markets plc and its subsidiaries

The Capital Requirements
(Country-by-country reporting)
Regulations 2013
31 March 2021

Country-by-country reporting schedule ("the schedule")

1. Introduction

The Capital Requirements (Country-by-country reporting) Regulations 2013 came into effect on 1 January 2014 and place certain reporting obligations on UK financial institutions that are within the scope of the EU's Capital Requirements Directive (CRD IV). The purpose of the regulations is to provide clarity on the source of the Group's income and the location of its operations.

The disclosures hereby presented intend to comply with the provisions of the regulations in respect of the following two entities that are within the scope of CRD IV:

- CMC Markets UK plc
- CMC Spreadbet plc

2. Basis of preparation

These disclosures have been prepared to comply with The Capital Requirements (Country-by-country reporting) Regulations 2013.

- **Compliance with International Financial Reporting Standards ('IFRSs')**
  The amount disclosed for turnover is prepared on the same basis as the financial statements of CMC Markets UK plc and CMC Spreadbet plc for the year ended 31 March 2021, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

- **Consolidation**
  Turnover is reported on a consolidated basis for each country.

- **Country**
  The country information is reported based on the location of operations of the subsidiary or the branch responsible for reporting the results.

3. Nature of activities and operating entities by region

CMC Markets UK plc, through a subsidiary, branches, a permanent establishment office and a representation office, operates in a number of different countries as follows:

Jurisdiction	Nature of activities	List of entities
CMC Markets UK plc		
United Kingdom	Online retail financial services business which provides its customers the ability to trade contracts for difference (CFD's) on a range of underlying shares, indices, foreign currencies, commodities and treasuries	CMC Markets UK plc
Germany	Acquisition, retention and support of CFD clients	CMC Markets Niederlassung Frankfurt am Main der CMC Markets UK Plc
Spain	Acquisition, retention and support of CFD clients	Sucursal en Espana de CMC Markets UK Plc
Sweden	Acquisition, retention and support of CFD clients	CMC Markets UK Plc Filial Stockholm
Norway	Acquisition, retention and support of CFD clients	CMC Markets UK Plc Filial Oslo
France	Acquisition, retention and support of CFD clients	CMC Markets UK Plc (Paris Branch)
Italy	Acquisition, retention and support of CFD clients	CMC Markets UK Plc (Milan Branch)
Austria	Acquisition, retention and support of CFD clients	CMC Markets UK Plc, Zweigniederlassung Österreich
China	No business activity	CMC Markets UK Plc Beijing Representative Office
Poland	Acquisition, retention and support of CFD clients	CMC Markets UK Plc Oddział w Warszawie
Australia	Global risk management	CMC Markets UK Plc (Australia Permanent Establishment)
Subsidiary of CMC Markets UK plc – CMC Markets Germany GmbH		
Germany	Online retail financial services business which provides its customers the ability to trade contracts for difference (CFD's) on a range of underlying shares, indices, foreign currencies, commodities and treasuries	CMC Markets Germany GmbH
Austria	Acquisition, retention and support of CFD clients	CMC Markets Germany GmbH, Niederlassung Wien
Norway	Acquisition, retention and support of CFD clients	CMC Markets Germany GmbH, Oslo
Spain	Acquisition, retention and support of CFD clients	CMC Markets Germany GmbH, Sucursal en Espana
Poland	Acquisition, retention and support of CFD clients	CMC Markets Germany GmbH Społka z Ograniczoną Odpowiedzialnością Oddział w Polsce

CMC Spreadbet plc operates only in the United Kingdom

Jurisdiction	Nature of activities
United Kingdom	Online retail financial services business which provides its customers the ability to spread bet on a range of underlying shares, indices, foreign currencies, commodities and treasuries

4. Country-by-country report

For the year ended 31 March 2021

	Turnover[1] (£ '000)	Number of employees[2]	Profit / (loss) before tax (£ '000)	Accounting tax charge / (credit) (£ '000)	Cash tax paid / (refund) (£ '000)
CMC Markets UK plc					
United Kingdom	394,142	426	185,225	34,934	32,251
Germany	95	-	-	4	121
Spain	772	4	49	53	20
Sweden	319	2	-	-	(28)
Norway	934	5	58	19	13
France	(176)	-	-	-	116
Italy	24	-	-	53	-
Austria	222	1	14	4	1
China	-	1	(121)	-	-
Poland	1,148	6	73	(50)	21
Australia	652	-	652	251	397
Consolidation Adjustments	(3,994)	-	-	-	-
CMC Markets UK plc Total	**394,138**	**382**	**185,950**	**35,268**	**32,912**
Subsidiary of CMC Markets UK plc – CMC Markets Germany GmbH					
Germany	7,489	22	660	237	515
Austria	134	-	9	2	1
Poland	511	3	31	5	9
Spain	689	2	44	16	6
Norway	755	2	110	27	26
Consolidation Adjustments	(1,518)	-	-	-	-
CMC Markets Germany GmbH Total	**8,060**	**29**	**854**	**287**	**557**
Total	**402,198**	**474**	**186,804**	**35,555**	**33,469**
CMC Spreadbet plc					
United Kingdom	27,291	-	2,542	(214)	(329)
CMC Spreadbet plc Total	**27,291**	**-**	**2,542**	**(214)**	**(329)**

CMC Markets UK plc is exempt under s400 of the United Kingdom's Companies Act 2006 from preparing group financial statements because they have been included in the 2021 consolidated financial statements of CMC Markets plc, a company incorporated in the United Kingdom.

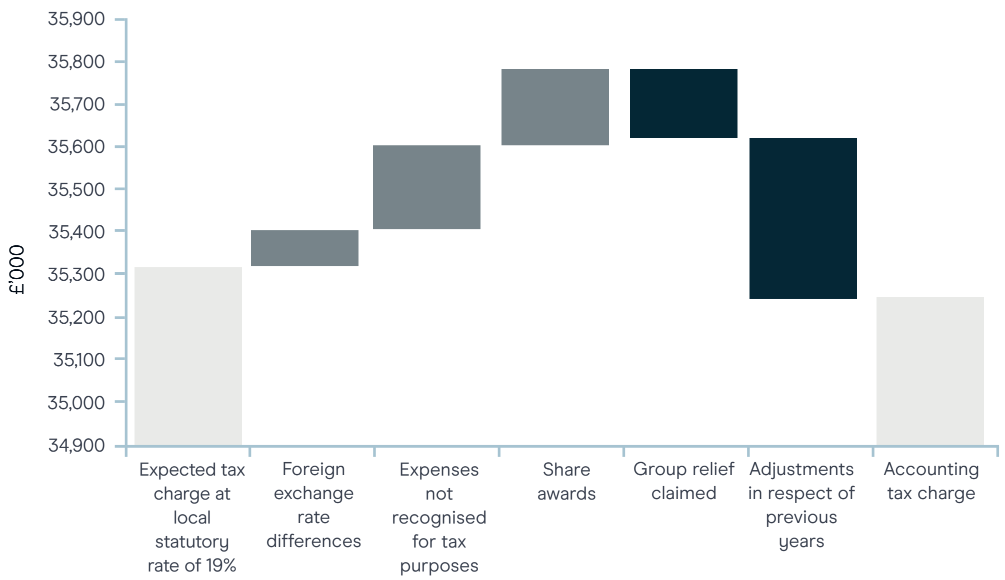
CMC Markets UK plc, its subsidiary, branches, permanent establishment office and representation office and CMC Spreadbet plc did not receive any public subsidies.

[1] Statutory revenue
[2] Full time equivalent

5. Reconciliation between expected tax and accounting tax charge for CMC Markets UK plc

For the year ended 31 March 2021

	(£ '000)
CMC Markets UK plc Profit before tax	**185,950**
Expected tax charge at local statutory rate of 19%	35,330
Effect of:	
Foreign exchange rate differences	84
Expenses not recognised for tax purposes	231
Share awards	205
Group relief claimed	(179)
Adjustments in respect of previous years	(403)
Accounting tax charge	**35,268**



Independent auditors' report to the directors of CMC Markets plc and its subsidiaries

Report on the audit of the country-by-country information

Opinion

In our opinion, CMC Markets plc's country-by-country information for the year ended 31 March 2021 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 March 2021 in the Country-by-country reporting schedule.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the CMC Markets plc ("the company") in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note 2 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in note 2 and accounting policies to the country-by-country information, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's Handbook and corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as corporation tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to the recording of journals and the risk of fraud in revenue recognition relating to the manual input of pre-agreed rates ("IB rates") for commissions. Commission is collected from the customer by the company, acting as an agent, and is paid to the introducing brokers. Any error or deliberate misstatement in the IB rates would lead to an error in the revenue recognised by the company. Audit procedures performed included:

- Review of correspondence with HMRC and discussions with management's compliance function
- Review of correspondence with regulators in so far as it was related to the financial statements
- Enquiries of management in relation to known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and, where relevant, testing journal entries
- Incorporating unpredictability into the nature, timing and/or extent of our testing
- Reviewing minutes of those charged with governance
- Where we planned to rely on controls over revenue, we tested their operating effectiveness and concluded that we could place reliance on them for the purposes of our audit.
- Our substantive testing over revenue included, but was not limited to, agreeing a sample of IB rates back to underlying agreements. We also used data auditing techniques to test that all commission income transactions had a corresponding cash transaction in the ledger.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Gillian Lord.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 November 2021

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