Marex Financial

Annual Report and Financial Statements

Year ended 31 December 2023

Registration Number 05613061

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COMPANY INFORMATION

Country of Incorporation	England and Wales
Legal Form	Private unlimited company
Directors	S J van den Born N G W Grace R Irvin P R Tonucci
Company Secretary	S Linsley
Registered Office	155 Bishopsgate, London, EC2M 3TQ
Auditor	Deloitte LLP 2 New Street Square, London, EC4A 3BZ
Bankers	HSBC Bank plc 8 Canada Square, London, E14 5HQ BMO Harris Bank N.A. 111 W. Monroe St. Chicago, Illinois 60603 Barclays Bank plc 1 Churchill Place, London, E13 5BH Lloyds Bank plc 25 Gresham Street, London, EC2V 7HN ICBC (London) plc 81 King William Street, London, EC4N 7BG

About Marex Financial

Marex Financial (the ‘Company’ or the ‘Firm’) is a leading independent global commodity specialist, providing clients with extensive access to financial and physical markets. The Firm is a private unlimited company and a subsidiary of Marex Group plc (collectively ‘Marex’, or the ‘Group’).

We provide our clients with breadth and depth across five core segments:

- Clearing
- Agency and Execution
- Market Making
- Hedging and Investment Solutions
- Corporate

We have a broad and diverse client base that includes the largest blue-chip commodities producers, consumers and traders, as well as leading banks, hedge funds, asset managers and brokers.

Marex Financial is regulated in the UK by the Financial Conduct Authority (FCA), which also regulates the Group under consolidated supervision.

Marex is an efficient, robust and scalable business. With a comprehensive product and service offering, we are thoroughly embedded in the global commodity infrastructure. As part of the wider Group, the Company is connected to 58 major global exchanges, including the London Metal Exchange, where Marex is a Category 1 Member and Ring Dealer, the CME Group (CME) and the Intercontinental Exchange (ICE). In 2023, the Group cleared over 856 million contracts on exchange and executed over 129 million trades for our clients, compared with 248 million contracts and 58 million trades in 2022.

To succeed in our markets and to attract institutional clients, we have built an offering that is much more than just exchange access, it is also about data and intelligence. As funds and money managers increasingly rely on quantitative data, we are supporting their trading and execution decisions with innovative content, enhanced data and better technology capabilities. To enable this, we are investing in intelligence (including proprietary systems and models), content (quotes, reports and quantitative as well as fundamental research) and advanced technical systems.

Core Services

The Company is a key part of the Group, a global financial services platform which provides essential liquidity, market access and infrastructure services to clients in the energy, commodity and financial markets. Our services are highly specialised and essential for our clients to run their own businesses effectively; to manage risk and operate profitably.

The Company’s specialised services are categorised into five segments:

- *Clearing:* Clearing is the interface between exchanges and clients. We provide the connectivity that allows our clients access to exchanges and central clearing houses. As clearing members, we act as principal on behalf of our clients and generate revenue on a commission per trade basis. We provide clearing services across energy, commodities and financial securities markets in Europe and the Americas and have growing capabilities in APAC. We hold collateral to manage client credit risk in our Clearing business, which also generates interest income for us. Our Clearing business is strategically valuable, as the senior levels of an organisation usually choose the clearing partner, which often results in a long-term business relationship with strong recurring revenue potential and unique cross-selling opportunities. Clearing is the central hub of Marex, enabling us to offer clients complementary market access execution services tailored to their requirements.

- *Agency and Execution*: Utilising our deep market knowledge, we are able to match buyers and sellers on an agency basis by facilitating price discovery across a broad range of commodities and financial markets. Our Agency and Execution business primarily generates revenue on a commission per trade basis without material credit or market risk exposure. In addition to listed products that trade directly on exchanges, many of our markets are traded on an over-the-counter ('OTC') basis. Our significant daily client order flow in listed and OTC markets, combined with deep product-level expertise, enhances our ability to provide differentiated liquidity to our clients. Additionally, it strengthens our risk management capabilities within Clearing as we gain greater visibility on market activity and liquidity.

Core Services (continued)

- *Market Making:* We act as principal to provide direct market pricing to professional and wholesale counterparties in a variety of commodity and securities markets. Our Market Making business primarily generates revenue through charging a spread between buying and selling prices, without taking significant proprietary risk. Our Market Making operations are well diversified across geographies and asset classes. We conservatively manage market risk in Market Making business with low average value-at-risk ('VaR') and limited overnight exposure that is driven by client facilitation rather than proprietary positions.

- *Hedging and Investment Solutions:* We offer bespoke hedging and investment solutions for our clients and generate revenue through a return built into our product pricing. Tailored hedging solutions allow producers and consumers of commodities to hedge their exposure to movements in market prices, as well as exchange rates, across a variety of different time horizons. Additionally, our financial products allow us to gain exposure to a particular market or asset class, for example, equity indices, in a cost-effective manner through a structured product. We issue notes to clients to meet their desired return parameters. Given that we hold the principal balance of the issued notes on our balance sheet, our structured notes offering also provides a source of liquidity and funding for our business.

- *Corporate:* Our Corporate segment provides key services to our other business segments. Corporate (i) houses our control and support functions: finance, treasury, information technology ('IT'), risk, compliance, legal, human resources and executive management to support our operating segments; (ii) manages our resources, makes investment decisions and provides operational support to our other business segments and manages our funding requirements; and (iii) includes interest income that we receive from interest on in-house cash balances. The adjusted operating loss from our Corporate segment includes expenses related to costs of the functions that are not recovered by our other operating segments and corporate costs.

Review of Financial performance

The Company continued to deliver strong revenue growth, against a backdrop of mixed market conditions. Revenue continued to increase, as well as adjusted operating profit (an alternative performance measure) between 2022 and 2023, which reflects the continued investment across various areas of the Company to allow for controlled revenue growth both organically and in the future.

The key performance indicators (KPIs) that are the focus of senior management include Revenue, Adjusted operating profit (before tax), Adjusted operating profit margin and return on equity.

From a financial management perspective Adjusted operating profit is the key measurement of financial performance, reflecting the underlying profitability of the business. It excludes costs and revenues that are considered to be non-operating such as exceptional items, cost of investments, and business restructuring costs.

The Company delivered revenue growth of 40% to $470.7m from $336.6m and adjusted operating profit increased by 76% to $123.9m, from $70.3m in 2022. This increase was primarily driven by the acquisition of the ED&F Man Capital Markets business in October 2022, which improved growth across the Clearing, Market Making and Agency and Execution segments.

The growth in revenue was due to an increase in both commissions and trading activity aided by the improving interest rate environment.

	2023 $m	2022 * $m	% Change
Revenue	**470.7**	**336.6**	**40%**
Net commission income	119.2	32.7	265%
Net trading income	338.6	308.4	10%
Net interest income / (expense)	12.9	(4.5)	n.m.

* The 2022 balances in the above table have been restated. Further information on the details of the restatement are outlined in note 32.

Review of Financial performance (continued)

We generate revenue primarily from commissions and the spreads we make facilitating and executing client orders as part of our Clearing, Agency and Execution, Market Making and Hedging and Investment Solutions businesses. These revenue sources depend substantially on client trading volumes and commodity pricing levels, which are affected by a wide range of factors, many of which are beyond our control. These factors include volatility and pricing levels in commodities, currency, securities and other markets and inflation rates and general economic conditions and developments.

The Company changed its reporting segments during 2023; as such segment information for the comparative periods have been restated (refer to note 5).

Net commission income increased 265% year-on-year due to increased activity and volumes in Clearing, Market Making, and Agency and Execution largely reflecting the acquisition of ED&F Man Capital Markets business. Net trading income increased 10% during the period due to an increase in client demand for Hedging and Investment Solutions as a result of increased activity. Net interest income improved year on year from a net expense of $4.5m in 2022 to a net income of $12.9 m for the year ending 2023 due to elevated interest rates.

Adjusted operating profit of $123.9m for 2023 increased by 76% from the 2022 result of $70.3m. Return on equity increased from 24% in 2022 to 36% in 2023.

	2023 $'m	2022 $'m	% Change
Revenue	**470.7**	**336.6**	**40%**
Front office costs	(200.7)	(193.4)	4%
Control and support costs	(140.0)	(75.5)	85%
Provision for Credit Losses	(7.6)	(8.6)	(12%)
Depreciation and amortisation	(2.3)	(2.0)	15%
Other Income	3.8	13.2	(71%)
Adjusted operating profit	**123.9**	**70.3**	76%
Non-operating adjustments	(2.2)	8.0	n.m.
Reported profit before tax	**121.7**	**78.3**	55%
Tax	(24.0)	(14.1)	70%
Reported profit after tax	**97.7**	**64.2**	**52%**
Adjusted operating profit margin	**26%**	**21%**	
Reported return on equity (‘ROE’)	**36%**	**24%**	

n.m. not meaningful

Front office costs represent staff, systems and infrastructure costs associated with running our revenue generating operations. These costs increased 4% to $200.7m in 2023, largely reflecting the increase in front office headcount during the year in addition to the increased bonus expense related to the increase in revenues. The increase in these costs during the year reflects investment in our Clearing business, bringing in additional front office head count to expand our coverage geographically into different asset classes to support future growth.

Control and Support costs primarily reflect staff and property related costs, along with professional fees and other administrative expenses associated with the support functions. These costs increased 85% to $140.0m in 2023, primarily reflecting increased headcount in our Control and Support functions, in particular our Risk and Compliance functions, to ensure we continually invest in our systems and processes to support future sustainable growth.

Depreciation and amortisation increased by 15% as we continue to invest in our systems and infrastructure to support growth in the business.

As a result of the revenue and cost trends noted above, adjusted operating profit increased by 76% to $123.9m for 2023. Reported Profit after tax increased by 52% year on year to $97.7 m (2022: $64.2m).

Review of Financial performance (continued)

Reconciliation to reported results

On a reported basis, Profit before tax increased 55% year-on-year to $121.7m in 2023 from $78.3m in 2022. This includes the impact of non-operating items such as owner fees and acquisition costs, in 2023 these were $2.2m net cost (2022: $8.0m net credit, owing to the $12.1m bargain purchase gain arising from the acquisition of the business of ED&F Man Capital Markets Limited).

The Company's effective tax rate increased slightly year on year to 20% in 2023, from 18% in 2022, due to a change in the amount of non-deductible expenses.

	2023 $'m	2022 $'m
Adjusted operating profit	123.9	70.3
Acquisition costs	0.3	(3.6)
Activities in relation to shareholders	(2.5)	(0.5)
Bargain Purchase gain	—	12.1
Profit before tax (reported)	**121.7**	**78.3**
Tax	(24.0)	(14.1)
Profit after tax (reported)	**97.7**	**64.2**

Business review

Marex Financial is organised into distinct business segments: Clearing, Agency and Execution, Market Making, Hedging and Investment Solutions, and Corporate. The following tables show the split of revenue by segment for 2023 compared to 2022:

	2023 $'m	2022 $'m	% Change
Clearing	205.8	127.2	62%
Agency and Execution	20.4	4.6	343%
Market Making	81.1	98.9	(18%)
Hedging and Investment Solutions	141.3	101.0	40%
Corporate	22.1	4.9	351%
Revenue	**470.7**	**336.6**	**40%**

Review of financial performance (continued)

Business review

Clearing

Clearing revenue in 2023 was $205.8m, increased by 62% year on year from $127.2m in 2022. This is largely driven from Marex Clearing Services (MCS) where net commission income increased by 119% to $71.3m in 2023 due to a combination of high average balances and higher interest rates compared to 2022. The segment benefited significantly from 2022 ED&F Capital Markets business acquisition

Adjusted operating profit increased to $141.1m in 2023, from $62.3m in 2022, an increase of 126% year on year.

Agency and Execution

Agency and Execution revenue in 2023 was $20.4m, increased by 343% year on year from $4.6m in 2022. The key drivers relating to this positive performance was the diversification of asset class coverage into products such as equity derivatives, credit and rates.

Adjusted operating Profit increased to $2.6m in 2023 from $0.4m in 2022, an increase of 550% year on year.

Market Making

Market Making revenue in 2023 was $81.1m, decreased by 18% year on year from $98.9m in 2022. Metals and Energy performance reflected a return to more normalised levels of volatility as compared to 2022.

Adjusted operating profit decreased to $36.0m in 2023 from $51.6m in 2022, a decrease of 30% year on year.

Hedging and Investment Solutions

Hedging and Investment Solutions revenue in 2023 was $141.3m and has increased by 40% year on year from $101.0m in 2022. The positive performance is due to increased demand for hedging services due to a leveling of market volatility derived in 2022.

Adjusted operating profit increased to $63.2m in 2023, from $17.6m in 2022, an increase of 259% year on year.

Corporate

Corporate revenue in 2023 was $22.1m, increased by 351% year on year from $4.9m in 2022. Adjusted operating loss increased to $119.0m in 2023, from $61.6m in 2022 an increase of 93% year on year.

Balance Sheet

Shareholder's equity increased by $3.1m in 2023 (2022: increased by $63.2m), as a result of the profit after tax for the year of $97.7m and increases in the other reserve balances, partly offset by the dividend paid of $100.0m.

Review of financial performance (continued)

Balance sheet

	2023 $'m	2022 $'m	Change $'m
Shareholder's equity	344.5	341.4	3.1
Intangible assets	(4.8)	(5.1)	0.3
Goodwill	(3.2)	(3.2)	—
Tangible equity	**336.5**	**333.1**	**3.4**

	2023 $'m	2022 $'m	Change $'m
Cash and cash equivalents	776.9	552.0	224.9
Treasury instruments – (Treasuries and Financial Institution Notes)	386.2	269.6	116.6
Cash and liquid assets	**1,163.1**	**821.6**	**341.5**
Trade and other receivables	1,988.6	1,995.1	(6.5)
Trade and other payables	(2,207.6)	(1,576.3)	(631.3)
Net trade (payables) / receivables	**(219.0)**	**418.8**	**(637.8)**
Derivative assets	787.8	483.7	304.1
Derivative liabilities	(548.1)	(294.5)	(253.6)
Net derivative instruments	**239.7**	**189.2**	**50.5**
Net tax assets	11.2	5.1	6.1
Debt securities	(978.2)	(1,100.6)	122.4
Equity instruments	11.5	5.2	6.3
Inventory	144.5	27.5	117.0
Provisions	–	(1.9)	1.9
Non-current assets	13.3	17.8	(4.5)
Subordinated loan payable (T2 debt)	(49.6)	(49.6)	—
Other net (liabilities) / assets	**(847.3)**	**(1,096.5)**	**249.2**
Tangible equity	**336.5**	**333.1**	**3.4**

The Company’s liquid resources have increased by $341.5m (42%) from $821.6m in 2022 to $1,163.1m as at 31 December 2023, primarily due to the increase in trade payables. Cash and cash equivalents have increased by $224.9m (41%) year-on-year, from $552.0m in 2022 to $776.9m in 2023.

Review of financial performance (continued)

Liquidity

A prudent approach to capital and liquidity and commitment to maintaining the Company's investment grade credit rating are core principles which underpin the successful delivery of the Company’s growth strategy.

The Company’s liquidity resources consist of cash and assets that can be quickly converted to meet immediate and short-term obligations. The resources include non-segregated cash, unencumbered US Treasuries, and short-term money market funds. The Company also includes in its liquidity resources the undrawn portion of the Company’s committed Revolving Credit Facility (‘RCF’).

The Company maintains a $150m unsecured RCF with the four participant banks: Bank of China Limited, London Branch, Barclays Bank plc; HSBC Bank plc; and Industrial and Commercial Bank of China Limited (London Branch).

Liquidity headroom is based on the Liquid Asset Threshold Requirement prepared according to the principles of the UK Investment Firm Prudential Regime (IFPR). The requirement includes a liquidity stress impact from three scenarios based on systemic (market conditions), idiosyncratic (Company specific) and Combined (mixture of both systemic and idiosyncratic). Assumptions are made on various factors such as variation margin requirements and initial margin call requirements, as well as the ability to draw down on the RCF to give a total headroom over and above the Board approved trigger and limit for each factor.

As at year end 2023, the Company’s liquid resources (inclusive of the undrawn portion of the RCF) stood at $1,042.0m compared to $665.0m as at year end 2022.

The Company’s structured notes programme, issued by its Hedging and Investment Solutions business, remains an important source of liquidity. The effect of the callable features within the structured note program is monitored and dynamically updated to reflect any changes to expected cash flows as part of the overall Company liquidity requirements. At year-end, total debt issued by the Company was $978.2m (including $49.6m of Tier 2 debt) compared to $1,100.6m (including $49.6m of Tier 2 debt) at 2022 year end, with focus on extending the maturity profile of the notes issued and maintaining a minimum portfolio duration.

Review of financial performance (continued)

Regulatory capital

The Company is regulated by the Financial Conduct Authority ('FCA') as a MIFIDPRU investment firm under the Investment Firm Prudential Regime ('IFPR'). The minimum capital requirement as at 31 December 2023 was determined by the Own Funds Threshold Requirement ('OFTR') based on the Company assessment included within the Internal Capital Adequacy and Risk Assessment ('ICARA') process.

The Company is in compliance with the regulatory requirements and is appropriately capitalised relative to the minimum requirements as set by the FCA. The Company maintained a capital surplus over its regulatory requirement at all times.

Maintaining a prudent approach to capital and liquidity in order to maintain an investment grade credit rating are core principles which underpin the successful delivery of the growth strategy. The Company manages its capital structure in order to comply with regulatory requirements, ensuring its capital base is adequate to cover the risks inherent in the business and to maximise shareholder value through the strategic deployment of capital. The Company's business model assessment, business and capital forecasting, stress testing and recovery planning are a part of the ICARA process.

At 31 December 2023 the Company had a total capital ratio of 253% (2022: 250%). The small increase in the total capital ratio resulted from a small decrease in the OFTR, partially offset by decreased capital resources.

The following table summarises the Firm’s capital adequacy position at the year end.

	2023	**2022**
	$'m	**$'m**
Core equity Tier 1 Capital[1]	325.9	331.9
Tier 2 Capital	52.8	53.7
Total Capital resources	**378.7**	**385.6**
K-factor Requirement	107.4	87.6
Own Funds Requirement[2]	149.4	154.3
Total Capital ratio (%)[3]	**253%**	**250%**

The K-factor requirement reflects assessment of market, credit and operational risk for the Company's operations as defined by the IFPR regulations and consist of: K-NPR (Net Position Risk); K-TCD (Trading Counterparty Default); K-CMH (Client Money Held); K-COH (Client Orders Handled); and K-DTF (Daily Trading Flow). K-NPR is the market risk arising from the open positions held by the Company at the end of day. K-TCD measures the counterparty risk in the trading book exposures when dealing on own account. K-CMH, K-COH, and K-DTF are calculated based on the daily average client money held, daily average notional of client orders, and daily average notional of transactions executed in the Company's name. The Company's OFTR is determined and included within the ICARA process.

[1] Total audited capital resources as at the end of the financial year
[2] Own Funds Requirement presents as Own Funds Threshold Requirement based on the latest ICARA process
[3] The ratio expresses the Company's total capital as a percentage of Own Funds Requirement

Managing our Risk

Risk management is a key consideration for delivering against our strategic priorities, whilst ensuring our long-term sustainability and effective corporate governance. Our Group's business strategy and risk appetite are linked and form the driver for decision-making across the Group so that boundaries are set to support the execution of our strategy, the effective management of capital and the efficient use of liquidity.

To ensure effective risk management practices permeate throughout the business we have a comprehensive risk management governance structure in place, that articulates the control mechanisms to identify, measure, assess, monitor, control, and report on our underlying top and emerging risks. This governance structure is articulated within our Enterprise-Wide Risk Management ('EWRM') framework and policy which are enabled by our people, our processes and systems and sets the foundations and organizational structure for implementing and reviewing risk management practices and activities across the Group which includes the Company.

<u>Risk appetite</u>

Our comfort in risk taking is set by the Group Board and defines the risk boundaries in which business and management operate.

Our risk appetite is underpinned by a series of measures that track the current and stressed performance of the business against a series of risk appetite statements.

Regular monitoring of our risk appetite measures helps us to alert management in case there are any changes to the Group risk profile so that appropriate actions can be promptly taken to return within acceptable risk levels.
In line with our EWRM framework and Policy this approach allows the Group Board, its sub-committees and executive management to discuss and measure the nature and extent of the risks faced by the Group while executing our strategy.

<u>Stress and Scenario analysis</u>

As part of the risk management process and in alignment with UK regulatory requirements set by the Financial Conduct Authority, we carry out regular stress tests and scenario analysis on the amount, type and distribution of financial and capital resources to address the key risks we are exposed to.

Within these assessments we not only look at capital and liquidity resources required to cover for the level of risk we may be exposed to, but we also take into consideration the level of harm to those that might be affected by our operations such as our clients and the markets we operate in.

We use these extreme but plausible risk scenarios to better understand how resilient our business should be during a moment of crisis or large-scale events that could materialize and, if necessary, to re-calibrate our risk appetite.

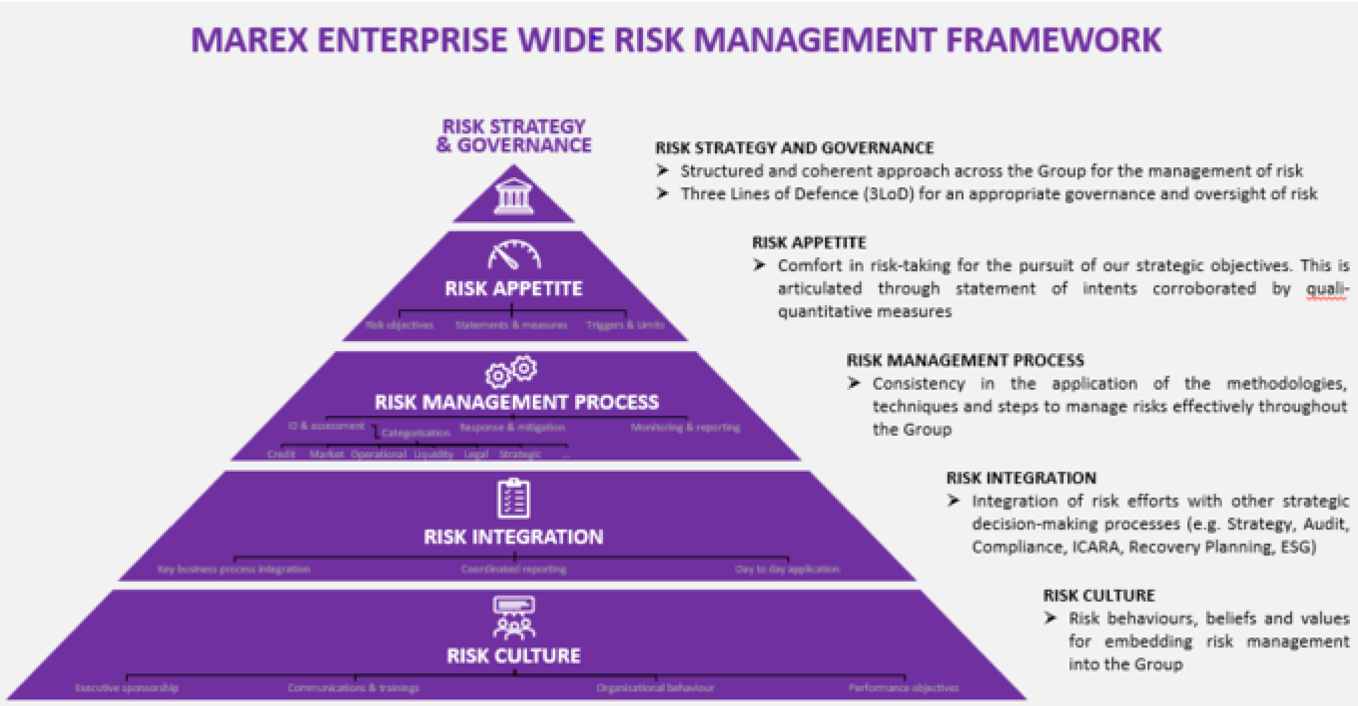
Enterprise-wide risk management framework

The EWRM framework is an overarching document that applies to the Group including the Company. It describes the methodology for managing our risks. The Board has ultimate responsibility for ensuring that the Group operates with an appropriate risk governance framework. It maintains oversight over subsidiaries and is cognisant of the local regulatory responsibilities applicable to Boards of local operations.

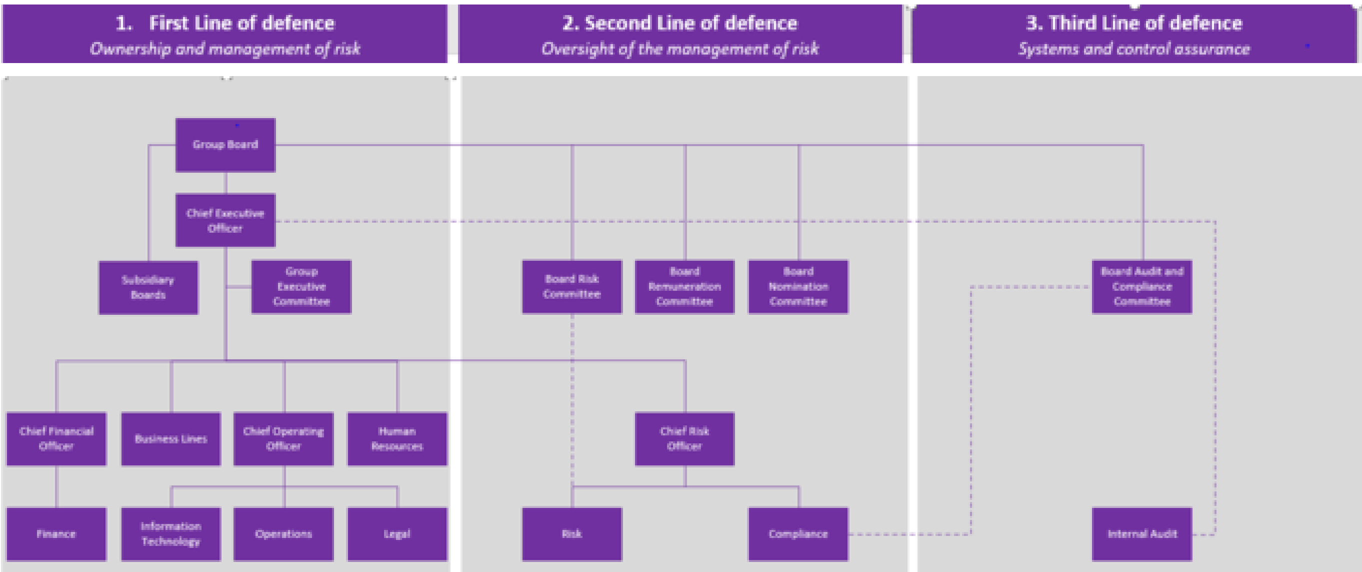
Subsidiaries may develop their own risk frameworks and policies for their specific business, however in the development they are consistent with and do not conflict with the principles of the Group EWRM policy, framework and all other relevant Group policies.

This structure ensures that all separate legal entities are treated collectively for the purposes of risk identification, assessment, communication, and reporting, so the Group has a holistic view of risk.

Components of the EWRM Framework



Risk Strategy and Governance



Components of the EWRM Framework

The **first line of defence** for day-to-day management of risk sits with the business units and support functions. They are responsible for understanding and adhering to the risk and control environment. Front line employees must consider the risk/reward trade-off in the short and long term and must ensure compliance with all risk policies and limits. The first line is responsible for the ongoing identification, assessment, monitoring and reporting of risk exposures and events.

Components of the EWRM Framework (continued)

The **second line of defence** is the internal control function, which includes Risk Management and Compliance. These teams provide independent risk oversight and challenge to the first line, and supervision of the operation of the risk control framework. Responsibilities also include the formulation and maintenance of risk frameworks, policies, and risk reporting.

The **third line of defence** is the independent assurance of the first and second lines. Internal Audit carries out an annual programme or risk-based audits covering all aspects of first and second-line risk management and risk control activities. The conclusions of each risk-based audit are reported to all three lines of defence. Internal Audit action plans are tracked through the Audit and Compliance Committee to ensure that resolutions are reached within the indicated timescales.

Risk Appetite

The Group wide business strategy is aligned with the Group's risk appetite to guide the Group's business activity and management risk-taking decisions. This approach ensures structures exist to respond to any material risks in line with the boundaries set by the Board.

The Group risk appetite statements are further articulated and translated into risk triggers, limits, and exposures which are reviewed by management on a regular basis to ensure the business operates within an acceptable level of risk exposure.

A high-level summary of the roles and responsibilities are included in the table below:

Function	Role and Responsibility
Board of Directors	Sets risk appetite and reviews and challenges risk strategies, risk management and control framework, key risk limits and high-level risk policies. Oversees business plan and risk management strategy.
Group Executive Committee	Considers decisions relating to risk and initiates appropriate actions following Board, Risk Committee and Audit and Compliance Committee meetings. Reviews and challenges the overall risk profile and capital position of the business and ensures appropriate actions are taken to ensure risks are managed within the parameters and appetite set by the Board.
Chief Risk Officer	Enables efficient and effective governance of significant risks and related opportunities to the Group. As a member of the Group Executive Committee, guides the Committee and Board on the formulation of risk appetite, strategies, policies, delegated authorities, and limit structures for the management of risks.
Chief Operating Officer	Supports the establishment of a risk-aware culture and the implementation of the EWRM Framework, embedding its principles within all Policies, Frameworks and Procedures under his remit.
Risk Committee	Provides advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk. Oversight of risk when approving and monitoring limits on risk exposures and concentration across the business. Focus is on risks to which the group is exposed to considering risk appetite.
Audit and Compliance Committee	Monitors the operational effectiveness of policies and internal control systems. Approves, monitors, and challenges the frequency, scope and performance of Risk Management considering risk exposures.
Remuneration Committee	Recommends to the Board the Group policies, practices and procedures related to employee remuneration, ensuring they encourage responsible business conduct, are consistent with, and promote sound and effective, risk management, promote risk awareness and prudent risk taking.

Risk Management Process

The Group's risk management process aims to provide a consistent methodology to the Group to effectively manage the risk we face.

The Group has a defined Risk Classification Model (RCM) that provides a common risk language, and a consistent basis for the identification of risk. This approach allows us to have a common frame of reference when we communicate risk information while we continue our efforts to standardise reporting across the group and across our regions. This categorisation model forms an integral part of the EWRM Framework and is effectively linked to our risk appetite methodology.

The key steps as part of this component are:

Identification and assessment:
The Group identifies and assesses material risks to which it may be exposed in the process of delivering its Business Strategy. This risk assessment forms the basis of identifying where it may be appropriate to implement risk controls across the business.

Measurement & Control
Key risks identified in the RCM are consistently analysed and measured in accordance with approved policies and processes. The specific measure of risk is dependent upon the risk and multiple measures may be used to provide a comprehensive view given potential shortcomings in individual methodologies. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment.

Reporting
An important part of the risk management remit is regular and appropriate reporting and communication of risk. In line with the governance structure in place, periodic reporting and risk analysis is presented to the relevant governing bodies as well as the relevant risk takers, including the Board; Risk Committee; Executive Board; and senior management. Specific details on calibration and implementation of individual measures and controls are detailed within the relevant policies and procedures for the control and business area.

The flow of information and communication across the Group relating to the management of risk and the effectiveness of the control framework within the risk governance structure is an important component of the framework. There is regular reporting on the performance and effectiveness of risk metrics and formalised management information relating to the risks inherent in the business. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group.

Reporting requirements include monitoring the on-going adequacy and effectiveness of the control framework, taking account of the trends and frequency of breaches of the control framework recorded on the Risk Register. Inherent risks and mitigating controls are assessed during the Risk and Control Self-Assessment process.

Risk Integration

The Group recognises that for risk management to be effective, it needs to be coordinated and embedded across the Group. We continuously strive to integrate our risk management efforts with other relevant strategic decision-making processes. As an example of this, our risk department continuously interacts, liaises with and is coordinated with the activities undertaken by the Compliance, Internal Audit, Strategy and Planning, Business Resilience, and Sustainability teams and contributes to feed and challenge the ICARA process.

Risk management also plays a crucial role when acquiring and incorporating a new company into Group activities. We have a structured process in place to ensure that acquisition and integration activities are executed in a controlled and structured manner and inherent risks of the target company are considered. This allows the Group to monitor and protect its value for all its stakeholders throughout acquisitions and run its operations in a safe manner.

Risk Culture

Measured risk taking, and effective risk management are fundamental to the Group's core values - the tone from the top in relation to the organisational culture and attitude to risk informs the behaviour of our colleagues towards risk-taking activities.

The Group believes that risk management is the responsibility of all employees and this is why we have reflected risk into our appraisal and remuneration processes.

Risk Identification and Assessments

The Group's Risk Characterisation Model, (RCM), considers a range of risks the Group faces. The RCM is reviewed on an ongoing basis and formally on an annual basis. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment.

Key risks in 2023

- Risk heightened in 2023
- Risk remained flat since 2022
- Risk decreased during 2023

Financial

Risk	*Trend*	*Mitigation*
Credit We operate and deal with a range of clients from institutional investors and financial services firms to energy distributors, commodity producers and other corporate hedging clients. Where any of our client, counterparty, or distributor, in the case of structured notes - fails to perform its contractual obligations we may incur a loss.	Risk remained flat since 2022	We control credit risk using a structured framework for the creation, use and monitoring of credit risk models. In addition, Group Risk Management support business decision-making and the proactive identification of any new risks.
Market In trading businesses, changes in the values of trading portfolios generate profits or losses. Market Risk manages and limits the market risk exposures which give rise to changes in value of the trading portfolio. Such changes are due to changes in the prices of market instruments, including spot prices, volatilities, interest rates, etc.	Risk remained flat since 2022	Through our Market Risk team we monitor the sensitivity of the portfolio to movements of market-driven risk factors. Key risk measures in place to control the portfolio are VaR, greek sensitivities and portfolio stress testing. Market Risk limits are set at levels to support business growth within a controlled Risk environment. The Market Risk Management Framework is open and transparent.
Liquidity Due to the nature of our business, we may be subject to potential losses for not having sufficient financial resources to meet our financial obligations as they fall due, or we can secure such resources only at excessive cost.	Risk remained flat since 2022	We operate extensive liquidity management processes and perform regular stress tests and scenario analysis on the amount, type, and distribution of financial and capital resources to address the key risks we are exposed to. Policies and stress tests are performed at both Group and at a material operating entity basis.

Risk Identification and Assessments (continued)

Operational

Risk	*Trend*	*Mitigation*
Technology and cyber We rely on a wide range of technology solutions, both built in-house and by leading providers. We have two risks that could arise in relation to our technology approach, the first being in relation to technology failure, where our systems and platforms become unavailable for a period of time driven by the infrastructure not being configured correctly or fit for purpose in line with the size and complexity of the business, and the second being, cyber risk driven by advances in the sophistication of techniques used in cyber-attacks. Both of these risks are heightened as we continue to grow the business, and as we acquire more assets, Marex becomes more susceptible to failure in our core platforms and systems, and a target of a cyber-attack.		We continually focus on our long-term technology needs and requirements through the implementation of our technology strategy. In addition to this, we have built an operational resilience and business continuity approach, to ensure that our technology remains available, and resilient. Our security infrastructure is robust, and we aim to stay up to date with our platforms, applications and systems to continuously improve our security posture and programs. Our suite of policies is ISO27001 aligned, and we run a Cyber assessment framework based on the National Institute of Standards and Technology ('NIST'). We perform comprehensive due diligence on acquired entities to understand their security posture and security enhancements are made where necessary before integrating into the Marex IT infrastructure.
Third Party and supplier management Multiple acquisitions in rapid succession coupled with business growth and expansion increases our exposures and ability to manage third-party suppliers.		Recognising the increased risk exposure towards the supplier population mainly driven by acquisitions, we continued to focus our effort on strengthening our supplier management capabilities for the appropriate oversight and management of third parties. Having established a Supplier Management function we are designing a Supplier Management Policy and Framework that integrates and enhances risk management activities, by implementing an enhanced structure to enable us to better control and manage this increased supplier base.
Complexity related to the integration of new businesses, and delivery of strategic change programs With the continued growth and business expansion, our ability to integrate new businesses may be adversely affected by the increasing complexity and volume of these acquisitions stressed by capacity constraints within our key control and support functions.		We continue to focus on investing and strengthening our change management capabilities to better integrate new businesses and deliver strategic initiatives while managing change in an efficient and effective way. We are implementing an improved change structure to control and manage this increasing portfolio of work so that it continues to deliver the planned outcomes. When acquiring new businesses, we perform a due diligence assessment and drive our integration plan in a consistent manner so that acquisition and integration activities are executed within a controlled and structured process while enhancing our control framework.

Risk Identification and Assessments (continued)

Compliance

Risk	*Trend*	*Mitigation*
Evolving regulatory landscape Adding on new business types, with new regulatory requirements from new jurisdictional regulators in complex business units from both organic and inorganic growth has added to the overall regulatory risk we face as a business.		We closely monitor the evolution of the regulatory landscape so that we can respond to changes in a timely manner. Our teams regularly scan upcoming regulations to understand if the introduction of changes would limit or restrict the way we run and operate our business. We also work with regulators and financial exchanges around the world to promptly respond to consultations with a view on collaboration so that regulations can be shaped effectively.
Financial Crime and Sanctions We consider financial crime risk as the risk of facilitating illegal activity committed or furthered through Marex by internal or external parties, in relation to the following: money laundering, fraud, bribery and corruption, tax evasion, terrorist financing, proliferation financing and violation of sanctions.		We have adopted a holistic approach to the management of financial crime and sanctions risk and implement a group-wide Financial Crime Policy that is imposed through a structured financial crime an sanctions prevention framework. Our risk-based approach is aligned to the Financial Action Task Force ('FATF') recommendations and relevant regulatory requirements. Marex understands that its business model, sectors, and geographies in which it operates introduce inherent sanctions and financial crime risks. Additionally, the global sanctions landscape continues to evolve at pace bringing new complexities for compliance. We are constantly strengthening our financial crime and sanctions prevention framework to adapt to these new and evolving threats and vulnerabilities, and to ensure the control environment remains sustainably designed and operates effectively.

Risk Identification and Assessments (continued)

Strategic and business

Risk	***Trend***	***Mitigation***
Acquisition and market expansion As part of Marex's growth ambitions, acquisitions form one part of our strategy to expand into new markets and territories, extend our portfolio, gain or boost long-run competitive advantage, acquire new technologies and skill sets. A clear strategic vision on which assets we acquire, when we acquire, and how, is critical. We recognise that a failure to take due care and consideration into our acquisition approach and framework may lead to undue pressure on our capital and liquidity resources and have a detrimental impact on our strategy.		Our strategic acquisitions are aimed at extending the breadth of our product offering while expanding our international reach to bring more clients into our platform. We do so with a prudent approach to capital and liquidity, always aiming at diversifying our business. We adopt a clear valuation model, aligned with our strategic initiatives, which supports our acquisitions targets. Before acquiring any new business, we perform extensive initial due diligence assessments to identify, and potentially manage, any material risks while evaluating the viability of the purchase.
Climate-related risk In the global shifts towards a more sustainable economy, we may fail to anticipate and adequately respond to physical and transition threats and opportunities, which may lead to a decline in revenues and/ or market share, as well as regulatory and financial impact to the Group. Failure to articulate and manage our exposure to Climate-related risks may compromise our reputation and profitability, not meeting our stakeholders' and investors' expectations.	*New risk*	We are expanding our offerings to make Marex the go-to place for access to environmental products and markets and continue to mature our approach to measuring and monitoring our impact with quantifiable sustainability metrics and clear targets. We strive to align our sustainability approach with global leading practices and continue to seek advice from external subject matter resources to respond to new sustainability developments.
Health and safety While performing our business activities our employees, visitors, other parties or the environment may be adversely affected.		We take health and safety seriously and recognise that the control of all health and safety matters from our work activities is not only an essential feature of our efficient operations but also a civil and statutory obligation.We are committed to provide a safe and healthy workplace for all our employees and it is our objective to continually improve our overall health and safety performance.We review our Health and Safety Policy on a regular basis and consider changing operational procedures, changing legislation and new knowledge.

EMERGING RISKS

Evolving technologies and increased cyber threat

The pace of technological innovation keeps transforming every aspect of our lives. The impact of emerging technologies can introduce efficiencies in workplace processes, however, the introduction of potentially disruptive technologies can have a detrimental impact on our business.

This pace of change, coupled with major incidents occurring across financial markets throughout the year such as the collapse of several crypto assets, failure of FTX exchange, the ransomware attack on Ion Markets, and the failure of different US regional banks, all renewed the focus of organisations around cybersecurity strategies and capabilities.

Geopolitical and macro economics

Russia-Ukraine conflict

As Russia's invasion of Ukraine continued throughout the year, the impact on global supply chains has stabilised, with financial market prices remaining marginally volatile. NATO is expanding the Alliance and continues to act as a battleground against Russia, whilst other political and economic efforts are also being used.

We continue to monitor the geopolitical landscape and assess our risk profile accordingly. While high commodity prices were one of the risks already identified as potentially disruptive to the recovery, the prolongation of the conflict intensifies uncertainty in the global economy.

Israel-Palestinian conflict

Following the attack by Hamas on Israel on 7 October, we have activated our local Business Continuity plan and ensured the safety of our people based in Israel. In these uncertain times, we continue to monitor the local situation as well as the wider geopolitical evolution to ensure that safety and security of our people are maintained; and at the same time that Marex continues to provide the essential infrastructure for all our clients and the required credit and liquidity in times of stressed markets.

The threat of increasing yields, a potential global recession, and the escalation of geopolitical tensions, among others, are all potential drivers for further volatility ahead.

Movement to screens

As more industries are disrupted across the world there is a risk that more transaction volume moves from voice to screens in the most liquid products, or even over entire exchanges. We continue to look at and evolve our business model entering new markets, enabling capacity on less liquid segments and invest further for enhancing our technology capabilities.

Section 172 - Companies Act 2006 statement

The directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the requirements of Section 172 (1) (a) to (f) of the Companies Act 2006 as set out below. The Directors recognise the importance of stakeholder engagement and its contribution to the success of the Company and their interests are taken into consideration by the Directors during Board discussions and decision-making. This report sets out how the Directors have met these responsibilities during the financial year.

a) the likely consequences of any decision in the long term

Strategy, risk and financial and operational resilience of the Company are managed at a Group level. The Group Board held its annual 'Strategy Day' in January 2023. At this meeting, the overarching strategy of the Group was reviewed and the 2023 budget and capital plan were approved. The discussions on strategy included diversification and growth, with a focus on the Americas and Asia-Pacific regions. The meeting also focussed on potential corporate restructuring to simplify the Group and facilitate the development in overseas jurisdictions; and simplifying the requirements of the unregulated business in both the UK and overseas. The Board also discussed the organisation of the U.S. business and the opportunities available to cross-sell products. The Directors continue to identify opportunities for innovation, creativity and ambition, and to evolve and diversify the Group in line with agreed risk appetite and long-term strategy. This was particularly evidenced in 2023 by a number of strategic acquisitions which have expanded the size of the Group, its employees and locations, and have both added to, and enhanced, its product set.

b) the interests of the Company's employees

The Directors continued to support the annual employee engagement survey, which was undertaken in July 2023. The number of respondents increased year-on-year by approximately 50% (2022: 926), reflecting the growth of the Group. The overall scores were mostly consistent with the previous year, which suggests the Group's strengths have been preserved throughout significant change. Management, supported by the Board, will continue to focus on building a strong Group with increasingly satisfied employees, and on maintaining high levels of engagement following the recent acquisitions. Further details of the Group Board's approach to remuneration, to leadership and how this cascades through the business to the workforce and employee engagement, can be found in the Corporate Governance Report. in Marex Group plc's Annual Report.

c) the need to foster the Company's business relationships with suppliers, customers and others

The Group Board is key in promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. This ensures that good business relationships are maintained. The Directors are committed to ensuring high standards are met when it comes to supplier relationships; as such, all suppliers are required to meet the Marex Supplier Code of Conduct and abide by both relevant national and international standards, including those set out by the International Labour Organisation, the UK Bribery Act 2010 and the UK Equality Act 2010. The Group's Modern Slavery and Human Trafficking Statement sets out the commitment of the Directors to their corporate responsibility and to maintaining a culture within which ethical behaviour is promoted, in addition to setting out the steps taken to minimise the risk of modern slavery existing in the Group's business or supply chains. The Group Board recognises its financial regulators across the globe as key relationships and the Directors are committed to ensuring regular open dialogue and compliance with regulatory requirements.

d) the impact of the Company's operations on the community and the environment

The Group Board acknowledges its responsibility to minimise the impact of the business on the community and the environment. The Directors continue to support the Group's focus on ESG, which includes activities in the biofuels, renewable energy certificates, emissions futures and options, environmental consulting services and the Group has also launched a bespoke renewables desk. The Directors also remain committed to the Group's carbon sequestration project with Oxford University spin-off OxCarbon and The Global Mangrove Trust; and the Group continued to maintain its carbon neutral status (using carbon offsets) in 2023. Further detail of the Group's approach can be found in the Sustainability Report in Marex Group plc's Annual Report. In addition, supported by the Directors, the Group's approach to taxation is one of transparency and disclosure, paying its fair share of tax, ensuring a cooperative approach to working with tax authorities, no aggressive tax planning, and alignment with best market practices.

Section 172 - Companies Act 2006 statement (continued)

e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Directors understand the importance of promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. These are as follows:

- Integrity: We pride ourselves on our honesty and high ethical standards. We apply these values when working with all clients, colleagues and other stakeholders.
- Respect: Our people and clients are at the heart of our business. We always act respectfully and treat people fairly in everything we do.
- Developing our people: Our people are the basis of our competitive advantage. We look to 'grow our own' and make Marex the place ambitious, hardworking and talented people choose to build their career.
- Adaptable and nimble: We are proactive. We embrace change as markets evolve to constantly increase our efficiency and create innovative solutions for our clients.
- Collaborative: By working together across the organisation, we foster teamwork, can better respond to challenges and successfully deliver for our clients.

f) the need to act fairly as between members of the Company

As a wholly owned subsidiary of Marex Group plc, the shareholder's interests are represented by the Directors, one of whom also serves on the Group Board and therefore responsible for setting the direction of the Group as a whole.

N G W Grace
Director
24 April 2024

The Directors present their report and audited financial statements of Marex Financial (the 'Company' or the 'Firm') for the year ended 31 December 2023. The Company is a private unlimited company and a subsidiary of Marex Group plc (collectively 'Marex', or the 'Group').

Directors

The following Directors have held office throughout the year and to the date of this report, except where noted:

S J van den Born

N G W Grace

R Irvin (appointed 26 May 2023)

P R Tonucci

Indemnity of directors

Each Director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition, the Directors are covered by an insurance policy.

Directors' statement as to disclosure of information to the Auditor

Each of the persons, who is a Director at the date of approval of this report, confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Foreign exchange

The following foreign exchange rates have been used in the preparation of these financial statements:

	2023		2022	
	Average Rate	**Year end Rate**	**Average Rate**	**Year end Rate**
GBP / USD	1.2438	1.2731	1.2372	1.2099
EUR / USD	1.0816	1.1037	1.0538	1.0704

Going concern

The Company's business activities and financial position, the factors likely to affect its future development and performance, its objectives and policies in managing the financial risks to which it is exposed and its capital, are discussed in the Strategic Report. The Company's regulatory capital resources, significant developments in 2023 and anticipated future developments are detailed in the liquidity and regulatory capital section on pages 9 and 10. This section also describes the Company's funding and liquidity profile, including changes in key metrics and the build-up of liquidity reserves. As detailed in note 3(c) of the accounting policies, it is concluded that the Company has adequate resources to continue to operate for the foreseeable future and for at least twelve months from the date of signing of the statement of financial position and confirm that the Company can operate as a going concern. It is for this reason that the Directors continue to prepare the financial statements on a going concern basis.

Events after the reporting period

Events since the statement of financial position date are disclosed in note 33.

Overseas branches

As at 31 December 2023, the Company had a branch in Israel.

Dividends

$100.0m dividends were paid during the year ended 31 December 2023 (2022: $nil).

Financial risk management

Financial risk management objectives are included in the Strategic Report.

Future developments

Future developments are included in the Strategic Report.

Research and development

The Company produces commodity research across Energy, Agriculture Base Metals and Ferrous Metals markets and has developed key partnerships in this field.

Engagement with Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Group website. Further statements regarding actions taken by the Company during the financial year are set out in the Strategic Report.

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Suppliers, customers and others

In accordance with the Reporting on Payment Practices and Performance Regulations 2017, the Company submits biannual reports on payment practices and performance to the Department for Business, Energy and Industrial Strategy. The average time taken to make payments from the Company under qualifying contracts was 19.5 days (2022: 18.5 days). Relationships with suppliers, customers and others are not managed at company level, as the directors of the Company's immediate parent manage the operations of Marex on a Group-wide basis. Further statements regarding how the Group's relationships with suppliers, customers and others are managed, are contained in the Marex Group plc Annual Report (which does not form part of this report and is available on the Group's website).

Streamlined Energy Carbon Reporting (SECR)

Greenhouse gas emission estimates are produced for the Group as a whole and are contained in the Annual Report of Marex Group plc, which does not form part of this report.

Climate-related Financial Disclosure ('CFD') Statement

The Company is exempt from separately providing a Climate-related Financial Disclosure ('CFD') Statement, as this information is included in the disclosures of its parent entity, Marex Group plc. Further information on the Group's CFD disclosures can be found within the Sustainability Report of Marex Group plc's Annual Report and in the Group's CFD Statement within the Group's Strategic Report.

Corporate governance arrangements

For the year ended 31 December 2023, in accordance with the guidance provided in the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'), the application of such principles is set out in Marex Group plc's Annual Report, covering the governance procedures of the Group as a whole, including the Company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). In accordance with company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard ('IAS') 1 requires Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Deloitte LLP, has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor pursuant to sections 485 – 488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

N G W Grace
Director
24 April 2024

Report on the audit of the financial statements

1. Opinion

In our opinion, the financial statements of Marex Financial (the 'Company'):

- give a true and fair view of the state of the Company’s affairs as at 31 December 2023, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (‘IFRSs’) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows and;
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (‘ISAs (UK)’) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of debt securities issued by Marex Financial
Materiality	The materiality that we used for the financial statements was $7 million which was determined on the basis of 3% of total net assets capped at 70% of Marex Group plc materiality.
Scoping	Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement.
Significant changes in our approach	In the prior year we have identified a key audit matter ‘Day 1 profit recognition on issuance of structured notes’. We no longer consider this a key audit matter as the impact of Day 1 profit or loss is not material. We have identified ‘Valuation of debt securities issued by Marex Financial’ as a key audit matter for the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors’ assessment of the Company’s ability to continue to adopt the going concern basis of accounting included:

- using our knowledge of the Company, the financial services industry, the financial services regulatory environment and the general economic environment, including macroeconomic pressures affecting the Company’s operations, to identify inherent risks in the business model and how such risks might affect the financial resources or ability to continue operations over the going concern period;
- making inquiries of management about the assumptions, used in their going concern models, and assessing the reasonableness of those assumptions and historical forecasting accuracy;
- evaluating the Company’s strategic plans in light of the changing macroeconomic environment, short and longer term financial budgets, funding, liquidity and capital adequacy plans including internal stress tests;
- evaluating the Company’s operational resilience by inspecting the crisis management and business continuity plans in place and the Company’s readiness to respond to catastrophic events;
- reviewing regulatory correspondence to assess whether there are any matters that may impact the going concern assessment; and
- evaluating the Company’s disclosures on going concern against the requirements of IAS 1.

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 when the financial statements are authorised for issue.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of debt securities issued by Marex Financial

Key audit matter description	The Company has issued debt securities amounting to $978.2m as of 31 December 2023 (2022: $1,100.6m) which are designated at fair value through profit and loss in accordance with IFRS 9. These debt securities contain substantive embedded derivatives and are accounted for at fair value to significantly reduce an accounting mismatch. Furthermore, these debt securities include bespoke auto-callable features whose contractual payoffs are referenced to a pool of underlying assets, typically a basket of underlying stock as well as stability and capital linked notes with varied terms. We have identified valuation of debt securities as a key audit matter because of the complexity involved in valuation of these debt securities which is based on multiple inputs, some of which are assessed for observability against comparable market data involving judgement. This required a higher degree of auditor judgment and an increased extent of effort, including the involvement of our valuation specialists.

5.1 Day 1 profit recognition on issuance of structured notes (continued)

How the scope of our audit responded to the key audit matter	We have performed the following procedures to address the risk of material misstatements in relation to valuation of debt securities: • Involved valuation specialists to evaluate management's methodology and significant assumptions over pricing inputs, including those that lack adequate market data to support observability (Level 3); • Challenged the key judgements used by management in valuation of debt securities with the aim of identifying potential management bias; • Independently recalculated the valuation of debt securities as at 31 December 2023 on a sample basis; • Assessed the significance and observability of pricing inputs and their reasonableness in relation to valuation of debt securities; and • Tested disclosures on fair value hierarchy of these debt securities in accordance with IFRS 13.
Key observations	Based on our audit procedures performed, we concluded that the valuation of debt securities as at 31 December 2023 is reasonable.

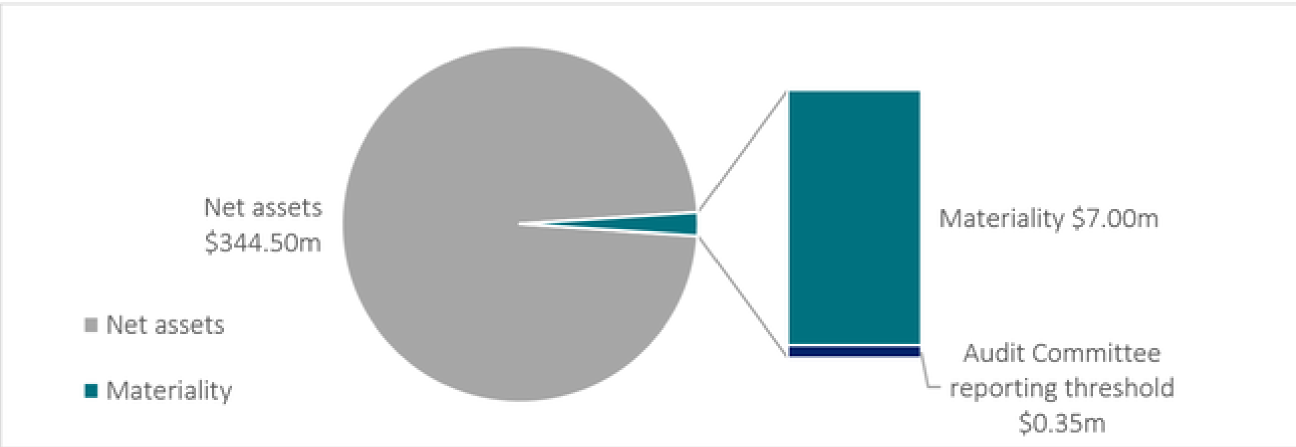
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	$7 million (2022: $5.2 million)
Basis for determining materiality	3% of total net assets (2022: 3% of total net assets) capped at 70% of Marex Group plc materiality. The determined materiality represents 2% of total net assets of the Company.
Rationale for the benchmark applied	The Company acts as the regulated entity within Marex Group. The balance sheet is the key measure of financial health that is important to shareholders, therefore we determined net assets to be the most appropriate benchmark.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality	65% of materiality (2022: 70% of materiality).
Basis and rationale for for determining performance materiality	In determining performance materiality, we considered the following factors: • The quality of the control environment and whether we were able to rely on controls; • Degree of centralisation and commonality of controls and processes; • The nature, volume and size of uncorrected misstatements arising in the previous audit; and the management's willingness to correct misstatements in the current period.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $350k (2022: $258k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2 Our consideration of the control environment

We assessed design and implement of relevant business controls. The Group uses a number of different IT systems across components, and we worked with our IT specialists to test the General IT controls for relevant systems. We did not rely on controls and further improvements are required in order for us to adopt a wider controls-reliant approach across the Group.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Company's business and its financial statements. The Company continues to develop its assessment of and response to the potential impacts of environmental, social and governance ('ESG') related risks, including climate change, as outlined in the parent entities, Marex Group plc Strategic Report. We have considered the appropriateness of these climate related disclosures as part of our audit of Marex Group plc.

We held discussions with management to understand the process for identifying climate-related risks, the consideration of mitigating actions and the impact on the Company's financial statements. Management do not expect any material climate change related financial impact on their business. We performed our own qualitative risk assessment of the potential impact of climate change on the Company's account balances and classes of transactions based on our understanding of the nature of the Company's underlying operations through inquiries of management and review of the minutes and regulatory correspondence.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

10. Auditor's responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of the Directors, management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the Company's sector;

11.1 Identifying and assessing potential risks related to irregularities (continued)

- Any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FCA regulations, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we identified Day 1 profit recognition on issuance of structured notes as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and regulators, including the FCA; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Opinion on other matters prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 35 to the financial statements for the financial year ended 31 December 2023 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Roberts, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
24 April 2024

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $m	2022 $m Restated
Commission and fee income	5	326.5	181.3
Commission and fee expense	5	(207.3)	(148.6)
Net commission income	5	**119.2**	**32.7**
Net trading income	5	**338.6**	**308.4**
Interest income	7	240.7	69.4
Interest expense	7	(227.8)	(73.9)
Net interest income/ (expense)	7	**12.9**	**(4.5)**
Revenue	5	**470.7**	**336.6**
Expenses:			
Compensation and benefits	8	(219.9)	(161.0)
Depreciation and amortisation		(2.3)	(2.0)
Other expenses	9	(123.0)	(99.5)
Provision for credit losses		(7.6)	(8.6)
Bargain purchase gain on acquisitions	31	—	12.1
Other income		3.0	1.0
Share of profit in associates and joint ventures	16	0.8	(0.3)
Profit before tax		**121.7**	**78.3**
Tax	11	(24.0)	(14.1)
Profit after tax		**97.7**	**64.2**

All operations are continuing for the current and prior years. The notes on pages 38 to 105 form part of these financial statements. Refer to note 3(b) and note 32 for the 2022 balances that have been restated.

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $m	2022 $m
Profit after tax		97.7	64.2
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Gain on cash flow hedge reserve		1.2	2.7
Deferred tax on cash flow hedge reserve	21	(0.3)	(0.5)
Items that will not be recycled to profit and loss:			
Change in fair value due to own credit risk		1.2	(3.0)
Deferred tax on change in own credit risk	21	(0.3)	0.8
Gain/(loss) on revaluation of investments	16	0.5	(0.5)
Deferred tax on revaluation of investments	21	(0.3)	0.4
Other comprehensive income/(loss) net of tax		**2.0**	**(0.1)**
Total comprehensive income		**99.7**	**64.1**

The notes on pages 38 to 105 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December 2023 $m	31 December 2022 $m Restated	1 January 2022 $m Restated
Assets				
Non-current assets				
Goodwill	13	3.2	3.2	3.2
Intangible assets	14	4.8	5.1	2.4
Property, plant and equipment	15	1.2	0.6	2.7
Investments	16(a)	4.8	4.3	4.8
Investments in subsidiaries	16(b)	7.3	7.3	7.3
Investments in associates	16(c)	—	5.6	5.9
Treasury instruments – unpledged	17(a)	60.8	—	69.0
Treasury instruments – pledged as collateral	17(b)	300.4	65.3	61.7
Financial institution notes		—	—	1.0
Deferred tax asset	21	7.3	2.9	—
Total non-current assets		**389.8**	**94.3**	**158.0**
Current assets				
Treasury instruments – unpledged	17(a)	15.0	—	25.9
Treasury instruments – pledged as collateral	17(b)	10.0	204.3	29.1
Inventory	18	144.5	27.5	58.9
Trade and other receivables	19	1,988.6	1,995.1	1,216.7
Derivative instruments	20	787.8	483.7	494.8
Equity instruments	29	11.5	5.2	8.0
Corporate income tax receivable		3.9	2.2	4.9
Cash and cash equivalents		776.9	552.0	453.9
Total current assets		**3,738.2**	**3,270.0**	**2,292.2**
Total assets		**4,128.0**	**3,364.3**	**2,450.2**

The notes on pages 38 to 105 form part of these financial statements. Refer to note 3(b) and note 32 for the 2022 balances that have been restated.

	Notes	31 December 2023 $m	31 December 2022 $m Restated	1 January 2022 $m Restated
Liabilities				
Current liabilities				
Derivative instruments	20	548.1	294.5	198.5
Trade and other payables	22	2,207.6	1,576.3	845.6
Lease liability	28	—	—	0.4
Debt securities	29	778.4	807.8	990.1
Provisions	23	—	1.9	0.8
Total current liabilities		**3,534.1**	**2,680.5**	**2,035.4**
Deferred tax		—	—	0.5
Debt securities	29	199.8	292.8	86.5
Subordinated loan payable	24	49.6	49.6	49.6
Total non-current liabilities		**249.4**	**342.4**	**136.6**
Total liabilities		**3,783.5**	**3,022.9**	**2,172.0**
Total net assets		**344.5**	**341.4**	**278.2**
Equity				
Share capital	26	160.1	160.1	160.1
Share premium		5.9	5.9	5.9
Capital contribution		—	—	0.9
Retained earnings		175.7	176.5	112.3
Other reserves	27	2.8	(1.1)	(1.0)
Total equity		**344.5**	**341.4**	**278.2**

The notes on pages 38 to 105 form part of these financial statements. Refer to note 3(b) and note 32 for the 2022 balances that have been restated.

The financial statements on pages 32 to 105 were approved and authorised for issue by the Board of Directors on 24 April 2024 and signed on its behalf by:

N G W Grace
Director
24 April 2024
Registration Number: 05613061

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital $m	Share premium $m	Capital contribution $m	Retained earnings $m	Other reserves $m	Total $m
At 1 January 2022	**160.1**	**5.9**	**0.9**	**112.3**	**(1.0)**	**278.2**
Profit for the period	—	—	—	64.2	—	64.2
Gain on cash flow hedge	—	—	—	—	2.7	2.7
Deferred tax on cash flow hedge	—	—	—	—	(0.5)	(0.5)
Change in fair value due to own credit risk	—	—	—	—	(3.0)	(3.0)
Deferred tax on change in fair value of financial liabilities designated at FVTPL due to own credit risk	—	—	—	—	0.8	0.8
Loss on revaluation of investments	—	—	—	—	(0.5)	(0.5)
Deferred tax on revaluation of investments	—	—	—	—	0.4	0.4
Total comprehensive income for the period	*—*	*—*	*—*	*64.2*	*(0.1)*	*64.1*
Capital contribution reduction	—	—	(0.9)	—	—	(0.9)
At 31 December 2022 and 1 January 2023	**160.1**	**5.9**	**—**	**176.5**	**(1.1)**	**341.4**
Profit for the period	—	—	—	97.7	—	97.7
Gain on cash flow hedge	—	—	—	—	1.2	1.2
Deferred tax on cash flow hedge	—	—	—	—	(0.3)	(0.3)
Change in fair value due to own credit risk	—	—	—	—	1.2	1.2
Deferred tax on change in fair value of financial liabilities designated at FVTPL due to own credit risk	—	—	—	—	(0.3)	(0.3)
Gain on revaluation of investments	—	—	—	—	0.5	0.5
Deferred tax on revaluation of investments	—	—	—	—	(0.3)	(0.3)
Total comprehensive income for the period	*—*	*—*	*—*	*97.7*	*2.0*	*99.7*
Deferred tax on share-based payments	—	—	—	—	1.9	1.9
Dividends paid	—	—	—	(100.0)	—	(100.0)
Other movements	—	—	—	1.5	—	1.5
At 31 December 2023	**160.1**	**5.9**	**—**	**175.7**	**2.8**	**344.5**

The notes on pages 38 to 105 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $m	2022 $m Restated
Profit before tax		121.7	78.3
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	15	0.3	0.1
Amortisation of intangible assets	14	1.8	1.9
(Decrease) / increase in provisions	23	(1.9)	1.1
Provision for credit losses	19	7.6	8.6
Share of results in associates and joint ventures	16(c)	(0.8)	0.3
Movement in fair value of derivative instruments		(50.5)	107.1
Bargain purchase gain on acquisitions	31	—	(12.1)
Other revaluations		(4.9)	6.8
Operating cash flows before changes in working capital		**73.3**	**192.1**
Working capital adjustments:			
Increase in trade and other receivables		(44.7)	(583.1)
Increase in trade and other payables		674.8	428.2
Increase in treasury instruments		(116.6)	(83.9)
(Increase) / decrease in equity instruments		(6.3)	2.8
Increase in financial institution notes		—	1.0
(Decrease) / increase in debt securities		(121.2)	24.0
(Increase) / decrease in inventory		(117.0)	31.4
Cash inflow from operating activities		**342.3**	**12.5**
Corporation tax paid		(29.1)	(11.2)
Net cash inflow from operating activities		**313.2**	**1.3**

During 2023, interest received was $250.2m (2022: $25.8m), interest paid was $222.8m (2022: $15.4m) and dividends received were $nil (2022: $nil).

The notes on pages 38 to 105 form part of these financial statements. Refer to notes 3(b) and 32 for the 2022 balances that have been restated.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Notes	2023 $m	2022 $m Restated
Investing activities			
Redemption of investment in associate	16(c)	6.4	—
Purchase of intangible assets	14	(1.5)	(2.1)
Net cash from acquisitions		—	106.0
Purchase of property, plant and equipment	15	(0.9)	(0.2)
Net cash inflow from investing activities		**4.0**	**103.7**
Financing activities			
Dividends paid	12	(100.0)	—
Payment of lease liabilities		—	(0.4)
Net cash outflow from financing activities		**(100.0)**	**(0.4)**
Net increase in cash and cash equivalents		**217.2**	**104.6**
Cash and cash equivalents			
Cash available on demand and short-term deposits at 1 January		552.0	453.9
Increase in cash		217.2	104.6
Effect of foreign exchange rate changes		7.7	(6.5)
Cash and cash equivalents at 31 December		**776.9**	**552.0**

The notes on pages 38 to 105 form part of these financial statements. Refer to notes 3(b) and 32 for the 2022 balances that have been restated.

1 GENERAL INFORMATION

Marex Financial (the 'Company') is an unlimited company incorporated in England and Wales under the Companies Act. The address of the registered office is 155 Bishopsgate, London, EC2M 3TQ, United Kingdom. The principal activities of the Company and the nature of the Company's operations are set out in notes 5 and 6 and in the Strategic Report.

References to the 'Group' are to the group of companies headed by Marex Group plc, of which Marex Financial is a part.

These financial statements are presented in US dollars ("USD" or '$'), which is also the Company's functional currency. All amounts have been rounded to the nearest tenth of a million ('m'), except where otherwise indicated.

In preparing these financial statements, the Directors have taken the exemption from preparing consolidated financial statements afforded in IFRS 10 *Consolidated financial statements* as the Company is included in the consolidated financial statements of the Group that are available on the Group's website.

2 ADOPTION OF NEW AND REVISED STANDARDS

(a) New and amended IFRS Accounting Standards that are effective for the current year

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>IFRS 17 Insurance Contracts</u>
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.
The new standard had no impact on the Company's consolidated financial statements.

<u>Definition of Accounting Estimates – Amendments to IAS 8</u>
The Company has adopted the amendments to IAS 8 for the first time in the current year. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The definition of change in accounting estimates was deleted.
This amendment had no impact on the Company's consolidated financial statements.

<u>Disclosure of Accounting Policies – Amendments to IAS 1</u>
The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. The accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.
The Company has revised the accounting policies information in accordance with the amendments.

<u>Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</u>
The Company has adopted the amendments to IAS 12 Income Tax for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

2 ADOPTION OF NEW AND REVISED STANDARDS (continued)

(a) New and amended IFRS Accounting Standards that are effective for the current year (continued)

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. This amendment had no impact on the Company's financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amended the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD).
The amendments introduce a mandatory temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise or disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.
Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

At the date of authorisation of these financial statements, the Company has not applied the following revised IFRS Accounting Standards that have been issued and adopted by the IFRS UK Endorsement Board but are not yet effective in the UK.

(b) New and revised IFRSs in issue, but not yet effective

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right-of-use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right-of-use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that are not dependent on an index or rate.

As part of the amendments, the IASB amended an illustrative example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Directors do not expect that these amendments will have a material impact on the Company's financial statements in future periods.

2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(b) New and revised IFRSs in issue, but not yet effective (continued)

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The Directors anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants
The amendments to IAS 1 issued in October 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments to IAS 1 early.

The Directors do not expect that these amendments will have a material impact on the Company's financial statements in future periods.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(b) New and revised IFRSs in issue, but not yet effective (continued)

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Although earlier application is permitted.

The Directors do not expect that these amendments will have a material impact on the Company's financial statements in future periods.

<u>Amendments to IAS 21 The Effects of changes in Foreign Exchange Rates</u>
The amendments to IAS 21 sets out the requirements to help entities to assess exchangeability between two currencies, and to determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

When a currency is not exchangeable into another currency, the spot exchange rate needs to be estimated. The objective in estimating the spot exchange rate at a measurement date is to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2025. Although earlier adoption is permitted.

The Directors do not expect these amendments will have a material impact on the Company's financial statements in future periods.

3 MATERIAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (‘IASB’).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The Company is required to disclose material accounting policy information. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements. The Company considers an accounting policy as material if the information relates to material transactions, other events or conditions or involves a high degree of uncertainty and has a material impact on the financial statements

The material accounting policies adopted are set out below.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Restatement of previously issued financial statements

During the preparation of these financial statements, the Company voluntarily decided to change certain accounting policies in accordance with IAS 8 Accounting policies, Changes in Accounting Estimates and Errors, including the presentation of its income statement to provide more detailed information and align better its financial reporting with its peers. Furthermore, the Company is correcting some errors identified in the statement of financial position and in the income and cash flow statements included in the already issued statutory financial statements as at and for the year ended 31 December 2022. The details of these voluntary accounting policies changes and correction of errors are set out in note 32, Restatement.

(c) Going concern

The Directors have assessed the going concern assumptions during the preparation of the Company's financial statements. The Company believes that no events or conditions, including those related to recent macroeconomic events give rise to doubt about the ability of the Company to continue operating for a period of at least 12 months from the date of signing the financial statements. This conclusion is drawn based on the knowledge of the Company, the estimated economic outlook and identified risks, which has been modelled to be included within several stress tests performed by the Group. The results of the stress test highlighted that the Group and the Company had sufficient liquidity and capital to satisfy its regulatory requirements. As funding is managed on a Group basis the Directors considered the Group stress tests in determining their assessment for the Company.

Thus, the Company continues to adopt the going concern basis of accounting in preparing these financial statements.

(d) Revenue recognition

The Company's revenue consists of:

Net commission and fee income

The Company is responsible for executing and clearing the customers' purchases and sales as such it acts as principal and commission income is recognised on a gross basis.

Commissions charged to customers on exchange traded derivatives and over the counter traded derivatives are recognised at a point in time on the trade date when a client order is cleared or executed (i.e. when performance obligation is satisfied). Commissions charged to customers on traded securities are sale-based commissions that are recognised at a point in time on the trade date. Sales based commissions are typically a fixed fee per security transaction and in certain instances, are based on a percentage of the transaction value.
Commission charged to customers on clearing transactions recoup clearing fees and other fee expenses incurred. Clearing fees earned represent the recharge of transaction-based fees charged by the various exchanges and clearing organisations at which the Company or one of its clearing brokers is a member for the purpose of executing and/or clearing trades through them. Clearing fees incurred are generally passed through to clients' accounts and are reported gross as the Company maintains control over the clearing and execution services provided, maintains relationships with the exchanges or clearing brokers, and has ultimate discretion in whether the fees incurred are passed through to the clients and the rates at which they are passed through. As clearing fees charged are transactional based, they are recognised at a point in time on the trade date along with the related commission income when the client order is cleared or executed.

In connection with the execution and clearing of trades, the Group is required to pay fees to the executing brokers, exchanges, clearing organisations and banks. These fees are based on transaction volumes and recognised as commission and fee expense on the trade date. The Group also pays commissions to third party introducing brokers (individuals or organisations) that maintain relationships with clients and introduce them to the Group. Introducing brokers accept orders from clients whilst the Group provides the accounts, transaction, margining and reporting services, including money and securities from clients. Introducing brokers commissions are determined monthly and presented in commission and fee expense in the income statement and settled quarterly. Commission and fee expenses are generally passed through to clients' accounts. No other costs related to the generation of commission income are included within commission and fee expense.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

Net trading income

Net trading income includes realised and unrealised gains and losses derived from market making activities in OTC derivatives, exchange traded derivatives, equities, fixed income and foreign exchange. Net trading income also includes gains and losses generated from transactions in over-the-counter derivatives, equities, fixed income and foreign exchange executed with clients and other counterparties. The Company enters into these transactions on its own account.

In certain transactions, the transaction price of the financial instrument differs from the fair value calculated using valuation models.

This difference is called Day 1 profit or loss and is recognised immediately in the income statement in net trading income only when:

- the fair value determined using valuation models is based only on observable inputs;
- the fair value determined using valuation models is based on both observable and unobservable inputs but the impact of the unobservable inputs in the fair value is insignificant.

In all other cases, the financial instrument is initially recognised at the transaction price and the recognition of Day 1 profit or loss is deferred and amortised through the term of the deal or to the date when unobservable inputs become observable (if sooner) unless specific factors relevant to the trade require a specific recognition pattern.

Net interest income

Interest income includes mainly the interest earned on the cash and financial instruments balances held on behalf of our clients as well as on our own cash balances, and interest earned in secured financing transactions. Interest income is calculated using the effective interest rate ('EIR') method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for expected credit losses) or to the amortised cost of the financial liability.
Interest expense includes interest paid to our clients on their balances and paid to our counterparties in secured financing transactions, debt securities issued and borrowings. Interest expense is calculated using the effective interest method as defined above. The interest expense component of the Company’s structured notes which are financial liabilities designated at fair value through profit and loss are also presented in gross interest expense recognised on a market interest rate basis.

(e) Tax

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Tax (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In determining whether uncertain tax positions exist, the Company assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its income tax filings. The Company assesses for each uncertain tax treatment whether it should be considered independently or whether some tax treatments should be considered together based on what the Company believes provides a better prediction of the resolution of the uncertainty. The Company measures tax uncertainties using its best estimate of likely outcomes for which it relies on estimates and assumptions and may involve judgments about future events. Corporate activity as well as day to day operations may give rise to tax uncertainties. The Company has determined, with the benefit of opinions from external tax advisors and legal counsel, where appropriate, that it has provided for all tax liabilities that are probable to arise from such activities. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes could result in incremental tax liabilities which could have a material effect on cash flows, financial condition and results of operations. Where the final tax outcome of these matters is different from the amounts that were originally estimated such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets

Impairment tests on goodwill and intangible assets with indefinite useful lives (trademarks) are undertaken annually and whenever there is an indicator of impairment. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which management measures separately identifiable cash flows). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. For non-financial assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet both of the following conditions and have not been designated as at fair value through profit and loss ('FVTPL') are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Company may make the following irrevocable election and/or designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply to the subsequent measurement of financial assets.

Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.
For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.
Interest income is recognised using the EIR method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired interest income is recognised by applying the EIR to the amortised cost of the financial asset.

Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Interest income is recognised using the EIR method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired interest income is recognised by applying the EIR to the amortised cost of the financial asset.

Investments in debt instruments classified as amortised cost

Debt instruments classified as amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired. The Company's financial assets held at amortised cost include US treasury and agency bonds (classified as treasury instruments on the statement of financial position) and trade receivables.

Investments in equity designated as at FVTOCI

On initial recognition, the Company made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs and are presented as investments in the statement of financial position. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss will not be reclassified to profit and loss on disposal of the equity investments; instead it will be transferred to retained earnings. The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. ECL are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that is possible within 12 months after the reporting date.

Simplified approach

The Company adopts a simplified approach for trade debtors whereby allowances are always equal to lifetime ECL. The ECL on trade debtors are estimated using a provision matrix by reference to historical credit losses experience adjusted for current and expected future economic conditions. When a trade debtor balance is more than 180 days past due, the Company further performs a qualitative review of the debtor analysing factors such as the debtor's current financial position, past due days, cash collection history and internal credit ratings to determine whether the Company has reasonable and supportable information to apply a higher credit loss rate adjusted by forward-looking information.

Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.
In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; and
- significant deterioration in external market indicators of credit risk for a particular financial instrument.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk, based on all of the following: (i) the financial instrument has a low risk of default in accordance with either internal or external credit ratings; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that each criterion is capable of identifying a significant increase in credit risk before the amount becomes past due.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables and other assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company) or partially.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no reasonable expectation of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

Measurement and recognition of expected credit losses

At the reporting date, an allowance is required for the 12-month (Stage 1) ECL. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit-impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, less any collateral held.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.
Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments; and
- external credit ratings where available.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Measurement and recognition of expected credit losses (continued)

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit and loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Provision for credit losses related to trade and other receivables, including settlement balances and deposits paid for securities borrowed are presented on the face of the income statement.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the income statement. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to the income statement. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to the income statement but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial liabilities (continued):

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contact to be designated at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the income statement to the extent that they are not part of a designated hedging relationship. The interest expense on structured notes designated at FVTPL is recognised in interest expense based on the implied variable market interest rate.

In respect of financial liabilities that are designated as at FVTPL (i.e. structured notes issued), the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the income statement. The remaining amount of change in the fair value of the liability is recognised in the income statement. Changes in the fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to the income statement. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated at FVTPL, are measured subsequently at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in the income statement as the modification gain or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

Derivative instruments

The Company uses derivative financial instruments, such as forward currency contracts, OTC precious and base metal contracts, agriculture contracts, energy contracts and equities. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company utilises the services of a Prime Broker to enter into derivative contracts that are used to hedge its structured notes issuance business. The agreement provides for net settlement of daily margin calls and in addition, should there be a default event, this would also be settled on a net basis. On this basis the Company has determined that the balance representing cash held at the Prime Broker and various derivative instruments should be shown within ‘Derivative Assets’ in the statement of financial position.

Issued debt and equity instruments

The Company applies IAS 32 Financial Instruments: Presentation to determine whether an instrument is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Company having an unconditional obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when approved for payment by the Board of Directors and treated as a deduction from equity.

Debt securities are the Company’s issued debt instruments which are comprised of hybrid financial instruments and vanilla debt instrument. Structured notes issued are hybrid financial instruments and are composed of debt components and embedded derivatives and are designated as FVTPL. Changes in fair value are recognised within net trading income except for changes related to the Company’s own credit risk which are recognised in other comprehensive income and interest related to the hybrid debt securities is presented within interest expense. Vanilla debt instruments are presented within debt securities in line with their maturity profile and have no other embedded or linked instruments. The Company presents the hedged interest expense related to vanilla debt instruments through interest expense.

(h) Inventories

The Company applies the broker-dealer exemption to its inventories stated in paragraph 3 of IAS 2, Inventories. The Company has physical holdings of commodities held for trading purposes. These are measured at fair value less costs to sell and relate to the recycled metals trading division.

The Company holds cryptocurrencies, both for its own account in order to generate a return, and to complement its cryptocurrency client offerings. The Company does not act as a custodian for crypto and, other than in limited circumstances, does not allow clients to provide crypto as security for client activity. The Company holds these cryptocurrencies in either a hot wallet at Fireblocks (kept online) or in cold storage at a crypto custodian (kept offline). The Company classifies cryptocurrency holdings as inventories on the statement of financial position measured at fair value less costs to sell.

The Company has holdings of carbon emission certificates held for trading purposes. These are held at fair value less costs to sell.

The cost of inventories including the changes in their fair value is recognised in the income statement within the line Net trading income.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Hedge accounting

Fair value hedge accounting

The Company manages the fixed interest rate risk on its vanilla debt instruments through interest rate and cross currency swaps as hedging instruments. The change in the fair value of the hedging instrument is recognised in the income statement as interest income and/or expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement as interest expense. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

For fair value hedges related to items carried at amortised cost, any adjustment to the carrying value is amortised through the income statement over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(j) Cash and cash equivalents

The Company considers cash held at banks and all highly liquid investments not held for trading purposes, with original or acquired maturities of 90 days or less, including certificates of deposit, to be cash and cash equivalents. Cash and cash equivalents not deposited with or pledged to broker-dealers, clearing organisations, counterparties or segregated under federal or other regulations is recognised on the statement of financial position.

Pursuant to the requirements of the Markets in Financial Instruments Implementing Directive 2006/73/EC underpinning the Client Asset (‘CASS’) rules in the Financial Conduct Authority (‘FCA’) handbook in the U.K. funds deposited by clients relating to futures and options on futures contracts in regulated commodities must be carried in separate accounts, which are designated as segregated or secured client accounts. The deposits in segregated client accounts are not commingled with Company funds. Under the FCA's rules certain categories of clients may choose to opt-out of segregation.

(k) Foreign currency translation

The Company financial statements are presented in US Dollars (‘US$’), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the Company.

Transactions entered into by the Company in a currency other than US$ are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of monetary assets and liabilities are similarly recognised immediately in the income statement.

(l) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; and
- expected to be realised within 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;and
- it is due to be settled within 12 months after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34(e).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision on the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement for the year.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions that affect the reported carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period an estimate is revised. No critical accounting judgements are applied in preparation of these financial statements.

5 REVENUE

Revenue within the scope of IFRS 15 is presented as commission and fee income in the income statement.

Revenue that is not within the scope of IFRS 15 is presented within net trading income and net interest income in the income statement.

The below disaggregation shows the revenue by each of the five operating segments. The substantial majority of the Company's performance obligations for revenue from contracts with clients are satisfied at a point in time. Revenue recognised over time is not material.

	Clearing	**Agency and Execution**	**Market Making**	**Hedging and Investment Solutions**	**Corporate**	**Total**
2023	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Commission and fee income	346.3	(0.8)	(19.0)	—	—	326.5
Commission and fee expense	(200.2)	(1.1)	(6.0)	—	—	(207.3)
Net commission income / (expense)	**146.1**	**(1.9)**	**(25.0)**	**—**	**—**	**119.2**
Net trading income / (expense)	**(0.1)**	**25.0**	**134.8**	**178.9**	**—**	**338.6**
Interest income / (expense)	123.7	(1.4)	(1.9)	—	(107.5)	12.9
Intersegmental funding allocations	(63.9)	(1.3)	(26.8)	(37.6)	129.6	—
Net interest income / (expense)	**59.8**	**(2.7)**	**(28.7)**	**(37.6)**	**22.1**	**12.9**
Revenue	**205.8**	**20.4**	**81.1**	**141.3**	**22.1**	**470.7**

	Clearing	**Agency and Execution**	**Market Making**	**Hedging and Investment Solutions**	**Corporate**	**Total**
2022 (Restated)[1]	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Commission and fee income	246.6	(14.9)	(50.4)	—	—	181.3
Commission and fee expense	(147.6)	(0.1)	(0.9)	—	—	(148.6)
Net commission income / (expense)	**99.0**	**(15.0)**	**(51.3)**	**—**	**—**	**32.7**
Net trading income / (expense)	**0.1**	**19.8**	**159.3**	**129.2**	**—**	**308.4**
Interest income / (expense)	43.5	0.2	(0.8)	—	(47.4)	(4.5)
Intersegmental funding allocations	(15.4)	(0.4)	(8.3)	(28.2)	52.3	—
Net interest income / (expense)	**28.1**	**(0.2)**	**(9.1)**	**(28.2)**	**4.9**	**(4.5)**
Revenue	**127.2**	**4.6**	**98.9**	**101.0**	**4.9**	**336.6**

1) The Company changed its reporting segments during 2023; as such segment information for the comparative periods have been restated. Refer to note 6 segmental analysis for further detail.

6 SEGMENTAL ANALYSIS

Operating segments for the Company are presented in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision Maker ('CODM'). The Group CODM, who is responsible for allocating resources and assessing performance for the Company and the Group, has been identified as the Group's Executive Committee. The Group CODM regularly reviews the Group's operating results in order to assess performance and to allocate resources. The accounting policies of the operating segments are the same as the Company's accounting policies.

Adjusted operating profit/(loss) is the segments performance measure and excludes income and expenses that are not considered directly related to the performance of our segments as detailed in the reconciliation below.

During 2023, the Company changed its internal reporting. As part of the changes in internal reporting, there were some minor reallocation of desks between the segments. The prior year segment information has been restated accordingly.

For management purposes, the Company is organised into the following operating segments, based on the services provided, as follows:

- Clearing – the interface between exchanges and clients. The Company provides the connectivity that allows its clients access to exchanges and central clearing houses. As clearing members, the Company acts as principal on behalf of its clients and generates revenue on a commission per trade basis. The Company provides clearing services across four principal markets: metals, agricultural products, energy and financial securities markets across different geographies.
- Agency and Execution – The Company matches buyers and sellers on an agency basis by facilitating price discovery primarily across energy and financial securities markets. The Agency and Execution segment primarily generates revenue on a commission per trade basis without material credit or market risk exposure. In addition to listed products that trade directly on exchanges, many of the Company's markets are traded on an OTC basis.
- Market Making – The Company acts as principal to provide direct market pricing to professional and wholesale counterparties, primarily metals, agriculture, energy and financial securities markets. The Market Making segment primarily generates revenue through charging a spread between buying and selling prices, without taking significant proprietary risk. The Market Making operations are diversified across geographies and asset classes.
- Hedging and Investment Solutions – The Company offers bespoke hedging and investment solutions to its clients and generates revenue through a return built into the product pricing. Tailored hedging solutions allow producers and consumers of commodities to hedge their exposure to movements in market prices, as well as exchange rates, across a variety of different time horizons.
- The Corporate segment includes the Company's control and support functions: finance, treasury, IT, risk, compliance, legal, human resources and executive management which support the operating segments. Corporate manages the resources of the Company, makes investment decisions and provides operational support to the business segments. Corporate manages the Company's funding requirements. Interest expense is incurred through debt securities issuance which is charged to other segments thorough inter-segmental funding allocations to reflect their consumption of these resources. Interest income is derived from interest on in-house cash balances. The adjusted operating loss includes the expenses related to costs of the functions that are not recovered from the operating segments and corporate costs.

6 SEGMENTAL ANALYSIS (CONTINUED)

Segment information for the year ended 31 December 2023:

2023	Clearing $m	Agency and Execution $m	Market Making $m	Hedging and Investment Solutions $m	Corporate $m	Totals $m
Net commission income	**146.1**	**(1.9)**	**(25.0)**	**—**	**—**	**119.2**
Net trading income / (expense)	**(0.1)**	**25.0**	**134.8**	**178.9**	**—**	**338.6**
Interest income / (expense)	123.7	(1.4)	(1.9)	—	(107.5)	12.9
Intersegmental funding allocations[1]	(63.9)	(1.3)	(26.8)	(37.6)	129.6	—
Net interest income / (expense)	**59.8**	**(2.7)**	**(28.7)**	**(37.6)**	**22.1**	**12.9**
Revenue	**205.8**	**20.4**	**81.1**	**141.3**	**22.1**	**470.7**
Adjusted operating profit/(loss)	**141.1**	**2.6**	**36.0**	**63.2**	**(119.0)**	**123.9**
Other segment information:						
Compensation and benefits	(37.1)	(9.2)	(26.9)	(39.4)	(107.3)	**(219.9)**
Depreciation and amortisation	—	—	—	—	(2.3)	**(2.3)**

1) The Inter-segmental funding allocation represents the interest costs borne by the Company.excluding interest earned centrally on house cash balances, which is subsequently recharged to the business segments. The recharge is based on the funding requirements of each business.

Segment information for the year ended 31 December 2022:

2022 Restated	Clearing $m	Agency and Execution $m	Market Making $m	Hedging and Investment Solutions $m	Corporate $m	Totals $m
Net commission income	**99.0**	**(15.0)**	**(51.3)**	**—**	**—**	**32.7**
Net trading income	**0.1**	**19.8**	**159.3**	**129.2**	**—**	**308.4**
Interest income / (expense)	43.5	0.2	(0.8)	—	(47.4)	(4.5)
Intersegmental funding allocations	(15.4)	(0.4)	(8.3)	(28.2)	52.3	—
Net interest income / (expense)	**28.1**	**(0.2)**	**(9.1)**	**(28.2)**	**4.9**	**(4.5)**
Revenue	**127.2**	**4.6**	**98.9**	**101.0**	**4.9**	**336.6**
Adjusted operating profit/(loss)	**62.3**	**0.4**	**51.6**	**17.6**	**(61.6)**	**70.3**
Other segment information						
Compensation and benefits	(28.1)	(4.2)	(24.9)	(34.1)	(69.7)	**(161.0)**
Depreciation and amortisation	(0.1)	—	—	—	(1.9)	**(2.0)**

6 SEGMENTAL ANALYSIS (CONTINUED)

Reconciliation of adjusted operating profit (before tax) to profit after tax (reported):

	2023 $'m	2022 $'m
Adjusted operating profit (before tax)	**123.9**	**70.3**
Acquisition costs	0.3	(3.6)
Activities in relation to shareholders	(2.5)	(0.5)
Bargain Purchase gain	—	12.1
Profit before tax (reported)	**121.7**	**78.3**
Tax	(24.0)	(14.1)
Profit after tax (reported)	**97.7**	**64.2**

The Company’s revenue by country of domicile is as follows. In presenting geographical information, revenue is based on the geographic location of the legal entity where the customers’ revenue is recorded.

	2023 $m	2022 $m
United Kingdom	467.7	335.7
Rest of the world	3.0	0.9
Total	**470.7**	**336.6**

Contract assets
There were no assets that meet the definition of a contract asset as at 31 December 2023 (2022: $nil).

7 NET INTEREST INCOME

	2023 $m	2022 $m
Interest income		
Financial institutions (1)	108.4	41.9
Exchanges (2)	80.9	12.3
Clients (3)	51.4	15.2
	240.7	**69.4**

	2023 $m	2022 $m
Interest expense		
Borrowings and debt issued (4)	(146.5)	(58.3)
Clients (5)	(61.1)	(1.0)
Exchanges (6)	(20.2)	(14.6)
	(227.8)	**(73.9)**
Net interest income / (expense)	**12.9**	**(4.5)**

1. Interest income from financial institutions includes interest earned from banks from cash and cash equivalents on client money and the Company's own cash and cash equivalents.
2. Interest income from deposits placed at exchanges, clearing houses, and intermediary brokers placed at these counterparties to facilitate transactional activity. Interest income is calculated using a deposit rate linked to the benchmark interest rates.
3. Interest income from clients is the result of credit lines offered to clients.
4. Interest expense from debt securities includes the interest component on structured notes. Interest expense on structured notes was $142.2m (2022:$55.1m). Structured notes are measured at fair value through profit or loss.
5. Interest expense includes interest paid to clients on cash deposited with the Company by clients.
6. Interest expense from balances placed at exchanges, clearing houses, and intermediary brokers placed at these counterparties to facilitate transactional activity.

8 COMPENSATION AND BENEFITS

	2023 Number	2022 Number
Front office	244	197
Control & support	460	375
Average monthly number of staff	**704**	**572**

	2023 $m	2022 $m
Aggregate wages and salaries	180.1	129.3
Share-based compensation expense	14.7	12.3
Employer’s national insurance contributions and similar taxes	19.7	15.8
Defined contribution pension cost	3.5	2.2
Other staff costs	1.9	1.4
Total staff costs	**219.9**	**161.0**

As at 31 December 2023, there were contributions totalling $0.6m (2022: $0.5m) payable to the defined contribution pension scheme from the Company.

9 OTHER EXPENSES

Other expenses include the following charges / (credits):

	2023 $m	2022 $m
Professional fees	16.6	19.1
Non-trading technology and support	1.8	11.2
Trading systems and market data	7.1	6.5
Occupancy and rental equipment	2.6	1.3
Travel and business development	3.4	1.5
Bank Costs	1.7	2.0
VAT (irrecoverable)	1.9	1.3
Allocated compensation	13.0	3.6
Allocated other direct expenses	34.1	42.1
Allocated executive costs	33.7	11.5
Foreign exchange losses / (gains)	7.1	(0.6)
	123.0	**99.5**

10 AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2023 $m	2022 $m
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
Audit of the Company's annual accounts	1.8	0.7
Total audit fees	**1.8**	**0.7**

	2023 $m	2022 $m
Fees payable to the Company's auditor for other services comprise:		
Audit-related services	0.2	0.1
Total non-audit fee	**0.2**	**0.1**

11 TAX

(a) Tax charge

	Notes	2023 $m	2022 $m
Current tax			
UK corporation tax on profit for the year		26.6	16.7
Adjustment in respect of prior years		0.8	—
		27.4	**16.7**
Deferred tax			
Origination and reversal of temporary differences		(3.3)	(2.7)
Adjustment in respect of prior years – other		(0.1)	0.1
	21	**(3.4)**	**(2.6)**
Tax expense for the year	11(b)	**24.0**	**14.1**
Tax expense/(credit) relating to items recognised directly in OCI			
Deferred tax expense/(credit) on revaluation of FVOCI investments		**0.9**	**(0.7)**
Tax credit relating to items recognised directly in Equity			
Deferred tax credit on share based payments		**(1.9)**	—

(b) Reconciliation between tax charge and profit before tax

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 23.5% (2022: 19.0%). This is predominantly driven by a group relief claim for nil consideration from UK group companies partially offset by expenses not deductible for tax purposes and prior year adjustments.

Tax for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

	Notes	2023 $m	2022 $m
Profit before tax		**121.7**	**78.3**
Expected tax expense based on the standard rate of corporation tax in the UK of 23.5% (2022: 19.00%)		28.6	14.9
Difference explained by:			
Income not subject to tax		(0.5)	—
Expenses not deductible for tax purposes		0.8	0.2
Tax rate change		(0.1)	(0.7)
Prior year adjustments		0.8	0.1
Group relief received for nil consideration		(5.6)	(0.4)
Tax expense for the year	11(a)	**24.0**	**14.1**

12 DIVIDENDS PAID AND PROPOSED

Dividends of $100.0m were paid during the year ended 31 December 2023 (2022: $nil). No dividend has been proposed at the year end (2022: $nil).

13 GOODWILL

	2023 $m	2022 $m
Cost		
At 1 January and 31 December	**12.9**	**12.9**
Accumulated impairment losses	(9.7)	(9.7)
Net book value		
At 31 December	**3.2**	**3.2**

(a) Goodwill impairment testing

For the purpose of impairment testing, goodwill arising on the acquisition of a business has been allocated to one cash generating unit ('CGU'): ProTrader.

The Company performed the annual impairment test as at 1 October 2023 and 30 September 2022. Between annual tests the Company reviews the CGU for impairment triggers that could adversely impact the valuation of the CGU and, if necessary, undertakes additional impairment testing. In assessing whether an impairment is required, the carrying value of the CGU is compared with the recoverable amount, which is determined by calculating both the fair value less cost of disposal ('FVLCD') and the value in use ('VIU'). The higher of these two amounts is compared with the carrying value of the CGU. If either the VIU or the FVLCD is higher than the carrying value, no impairment is necessary. As at 31 December 2023, the review of the indicators of impairment did not require any further testing.

(b) Key assumptions

- The fair value less cost of disposal is determined by applying a price earnings multiple to the post-tax earnings of the CGU arising in the period, after adjusting for exceptional items and for the effect of any organisational changes to the CGU. The price earnings multiples applied are derived from comparable peer companies.
- Comparable peers are those against whom our stakeholders evaluate our performance, whilst the price earnings multiples are obtained from third party market data providers. The provision of data from third party data sources, such as Bloomberg, would suggest that this data and therefore any valuation conducted using this data would contain only observable market data. However, management applies a level of judgement in the application of this data and in determining the price earnings multiple.
- In assessing the VIU, a discounted cash flow model is used covering a five year projected period, which drives the valuation of the CGU. VIU was calculated using post-tax discount rates and post-tax cash flows. An equivalent pre-tax discount rate was determined. Future projections are based on the most recent financial projections considered by the Board of Directors as at the valuation date which are used to project post-tax cash flows for the next five years. After this period a steady cash flow is used to derive a terminal value for the CGU.

13 GOODWILL (continued)

(b) Key assumptions (continued)

The following inputs represent key assumptions for the VIU calculation:

- Revenue growth is expected to grow by 2.4% over the five year projected period.
- Total direct costs are expected to grow by 3.2% over the five year projected period for the CGU; driven by inflation in the near term.
- The stable terminal growth rate was expected to be 2% and has been used to approximate an inflationary increase.
- Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the market assessment of the weighted average cost of capital derived from observable inputs at the valuation date. The post-tax discount rate based on the location of the underlying operations of the CGU was 10.1% and pre-tax discount rate was 13.0%.

Assuming that all other inputs remain constant, for the CGU's value to equate to its carrying value:

- Post-tax discount rate would have to be 345.5%.
- Terminal growth rate factored in the terminal value would have to turn into a contraction rate in excess of 1000%.
- Revenue growth over the forecasted period would have to turn into a contraction rate of 3.1%.

The impact on future cash flows resulting from a falling growth rate does not reflect any management actions that would be taken.

14 INTANGIBLE ASSETS

	Software* $m	Internally generated software $m	Total $m
Cost			
At 1 January 2022	13.1	0.3	13.4
Additions	2.1	—	2.1
At 31 December 2022	**15.2**	**0.3**	**15.5**
Additions	1.5	—	1.5
At 31 December 2023	**16.7**	**0.3**	**17.0**
Impairment provisions and amortisation			
At 1 January 2022	8.3	0.2	8.5
Charge for the year	1.8	0.1	1.9
At 31 December 2022	**10.1**	**0.3**	**10.4**
Charge for the year	1.8	—	1.8
At 31 December 2023	**11.9**	**0.3**	**12.2**
Net book value			
At 31 December 2023	**4.8**	**—**	**4.8**
At 31 December 2022	5.1	—	5.1

*Restatement: As at 31 December 2022, the Company included within property, plant and equipment an amount of software ($1.8m) in the statement of financial position as the Company considered the software was integral to the operation of the hardware. The software is separable from hardware and can reside on any infrastructure delivering full functionality, hence it should be presented as intangible assets and the prior period has been restated for this balance (refer to note 32).

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $m	Computer equipment* $m	Furniture, fixtures and fittings $m	Total $m
Cost				
At 1 January 2022	3.7	12.8	3.2	19.7
Additions on acquisitions	—	0.3	—	0.3
Additions	—	0.2	—	0.2
At 31 December 2022	**3.7**	**13.3**	**3.2**	**20.2**
Additions	0.1	0.6	0.2	0.9
At 31 December 2023	**3.8**	**13.9**	**3.4**	**21.1**
Depreciation				
At 1 January 2022	3.7	12.7	3.1	19.5
Charge for the year	—	0.1	—	0.1
At 31 December 2022	**3.7**	**12.8**	**3.1**	**19.6**
Charge for the year	—	0.3	—	0.3
At 31 December 2023	**3.7**	**13.1**	**3.1**	**19.9**
Net book value				
At 31 December 2023	**0.1**	**0.8**	**0.3**	**1.2**
At 31 December 2022	—	0.5	0.1	0.6

*Restatement: As at 31 December 2022, the Company included within property, plant and equipment an amount of software ($1.8m) in the statement of financial position as the Company considered the software was integral to the operation of the hardware. The software is separable from hardware and can reside on any infrastructure delivering full functionality, hence it should be presented as intangible assets and the prior period has been restated for this balance (refer to note 32).

16 INVESTMENTS

(a) Investments

	2023 $m	2022 $m
Cost		
At 1 January	4.3	4.8
Revaluation	0.5	(0.5)
At 31 December	**4.8**	**4.3**
Listed investments	1.8	1.5
Unlisted investments	3.0	2.8
	4.8	**4.3**

Investments comprise shares and seats held in clearing houses which are deemed relevant to the Company's trading activities and are classified as FVTOCI financial assets and recorded at fair value with changes in fair value reported in equity. The fair value for these investments is determined based on the latest available traded price.

(b) Investment in subsidiaries

	2023 $m	2022 $m
Cost		
At 1 January and 31 December	**7.3**	**7.3**

The investment in subsidiaries of $7.3m (2022: $7.3m) relates to the investment in Carlton Commodities 2004 LLP. At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is required where the investment exceeds the recoverable amount. Refer to note 3 and note 13 for the methodology of the impairment test.

Subsidiaries held directly

Name / Registered office	Country of incorporation / Principal place of business	Class	Proportion of ownership interest	Nature of business
Carlton Commodities 2004 LLP 155 Bishopsgate, London, EC2M 3TQ	England and Wales	Partnership interest	100%	Commodity and option trading

Carlton Commodities 2004 LLP has a year end of 31 March.

16 INVESTMENTS (CONTINUED)

(c) Investments in associates

During 2023 the Company redeemed its investment in Cambridge Machines Gemini Fund Limited (the 'Fund'). The Fund assesses investment opportunities in the global futures markets using Bayesian statistical methods. The Fund was incorporated in the Isle of Man and is a private entity that is not listed on any public exchanges. The Company's interest in the Fund was accounted for using the equity method as the Company did not have control over the Fund. The Company previously had significant influence due to the Governance and Board structure of the Fund, but the shares the Company held did not have voting rights and the Company did not have control. The following table illustrates the summarised financial information of the Company's investment in the Fund.

	2023 $m	2022 $m
Cost		
At 1 January	5.6	5.9
Share of profit / (loss) recognised in income statement	0.8	(0.3)
Proceeds from redemption of shares	(6.4)	—
At 31 December	**—**	**5.6**

	Share of net assets $m	Share of net assets $m
Current assets	—	10.4
Current liabilities	—	(0.3)
Equity	**—**	**10.1**
Share in equity	—	56%
Carrying amount of the investment	**—**	**5.6**

17 TREASURY INSTRUMENTS

(a) Unpledged

Unpledged treasury instruments are comprised of $75.8m (2022: $nil) of US Treasuries.

	2023 $m	2022 $m
Treasury instruments (non-current)	60.8	—
Treasury instruments (current)	15.0	—
	75.8	**—**

(b) Pledged as collateral

Treasury instruments pledged as collateral comprise US Treasuries and agency bonds which will fully mature by 30 June 2027. At year end, the Company has pledged $310.4m (2022: $269.6m) US Treasuries to counterparties as collateral for financing transactions. Treasury instruments which have been pledged in this way are held under certain terms and conditions set out in specific agreements with each counterparty. In these agreements it is generally stated that whilst the US Treasury is pledged at the counterparty the Company cannot sell or transfer the financial instrument or have any third-party rights associated with the financial instrument whereby it can be used as security towards any further financing activities.

	2023 $m	2022 $m
Treasury instruments (non-current)	300.4	65.3
Treasury instruments (current)	10.0	204.3
	310.4	**269.6**

18 INVENTORY

	2023 $m	2022 $m
Cryptocurrencies - trading	121.0	1.5
Carbon emissions certificates - trading	23.5	26.0
Total inventories at fair value less cost to sell	**144.5**	**27.5**

The Company economically hedges its exposure to cryptocurrencies and hence the Company's net exposure to market risk has not been material to our operations for 2023 or the prior year. As at 31 December 2023, the Company's overall net market risk exposure to cryptocurrencies was $1.8m (2022: $4.0m). The fair values of cryptocurrencies held as assets are determined based on quoted market prices and are classified as a Level 1 valuation.

Emissions inventory are certificates which are held to trade, the fair value for which is based on quoted market prices.

All inventories are held at fair value less cost to sell. The fair value movements charged to profit and loss are as follows:

Cryptocurrency and carbon emission certificates	**Cost 2023 $m**	**Fair value movement $m**	**Inventory 2023 $m**
Ethereum, USD Coin and other cryptocurrencies	114.1	6.9	121.0
EUA emission	26.9	(3.4)	23.5
	141.0	**3.5**	**144.5**

Cryptocurrency and carbon emission certificates	**Cost 2022 $m**	**Fair value movement $m**	**Inventory 2022 $m**
Ethereum, USD Coin and other cryptocurrencies	5.8	(4.3)	1.5
EUA emission	24.6	1.4	26.0
	30.4	**(2.9)**	**27.5**

19 TRADE AND OTHER RECEIVABLES

	2023 $m	2022 $m
Amounts due from exchanges, clearing houses and other counterparties	1,339.2	1,197.6
Trade debtors	8.0	4.6
Amounts due from group undertakings	509.2	590.7
Default funds and deposits	98.1	159.4
Loans receivable	0.4	0.3
Social security and other tax	3.9	1.7
Other debtors	23.2	39.2
Prepayments	6.6	1.6
	1,988.6	**1,995.1**

Trade and other receivables are assessed on an individual basis for impairment, with a provision of $20.2m (2022: $12.6m) recognised for the Company's entire exposure to impaired debtors. The provision is inclusive of specific provisions and amounts recognised under expected credit losses. The Directors consider that the carrying amount of trade and other receivables is not materially different to their fair value.

Included in other debtors is $2.6m (2022: $1.9m) which is due in more than one year, relating to sign-on bonuses which are awarded to employees and amortised over the term of the contract.

(a) Ageing of trade debtors

The provision matrix for trade debtors is as follows:

31 December 2023	Current $m	Less than 30 days $m	31 to 60 days $m	61 to 90 days $m	91 to 120 days $m	More than 120 days $m	Total $m
Expected credit loss rate	0.14%	0.14 %	0.14 %	0.14%	0.14%	0.14%	
Trade debtors $m	5.0	0.5	0.3	0.3	0.2	1.7	8.0
Trade debtors lifetime ECL $m	—	—	—	—	—	—	—

31 December 2022	Current $m	Less than 30 days $m	31 to 60 days $m	61 to 90 days $m	91 to 120 days $m	More than 120 days $m	Total $m
Expected credit loss rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	
Trade debtors $m	2.1	0.4	0.4	0.2	0.1	1.4	4.6
Trade debtors lifetime ECL $m	—	—	—	—	—	—	—

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Ageing of non trade debtors

Below we present the ageing of the Company's non trade debtors, excluding other tax and social security taxes and prepayments.

31 December 2023	Current $m	Less than 30 days $m	31 to 60 days $m	61 to 90 days $m	91 to 120 days $m	More than 120 days $m	Total $m
Amounts due from exchanges, clearing houses and other counterparties	1,319.2	3.4	—	0.2	0.2	16.2	1,339.2
Amounts due from group undertakings	590.7	—	—	—	—	—	590.7
Default funds and deposits	98.1	—	—	—	—	—	98.1
Loans receivables	0.1	—	—	—	—	0.3	0.4
Other debtors	20.6	—	—	—	—	2.6	23.2
							2,051.6
Corresponding allowance for loan losses ECL							20.2

31 December 2022	Current $m	Less than 30 days $m	31 to 60 days $m	61 to 90 days $m	91 to 120 days $m	More than 120 days $m	Total $m
Amounts due from exchanges, clearing houses and other counterparties	1,185.0	—	—	—	12.6	—	1,197.6
Amounts due from group undertakings	509.2	—	—	—	—	—	509.2
Default funds and deposits	159.4	—	—	—	—	—	159.4
Loans receivables	0.3	—	—	—	—	—	0.3
Other debtors	37.3	—	—	—	—	1.9	39.2
							1,905.7
Corresponding allowance for loan losses ECL							12.6

(c) Reconciliation of the movement in impairment allowance

	2023 $'000	2022 $'000
At 1 January	12.6	5.1
Bad debts written off	—	(1.1)
Charged to the income statement	7.6	8.6
At 31 December	**20.2**	**12.6**

20 DERIVATIVE INSTRUMENTS

Derivative assets and derivative liabilities comprise of exchange traded and over-the-counter foreign exchange, precious metal, agriculture and energy contracts.

	2023 $m	2022 $m
Financial assets		
Held for trading derivatives carried at FVTPL that are not designated in hedge accounting relationships:		
Synthetic equity swap	177.1	125.3
Agriculture forward contracts	123.7	142.8
Agriculture option contracts	48.3	30.7
Energy forward contracts	63.2	35.9
Energy option contracts	5.7	1.1
Foreign currency forward contracts	112.1	65.6
Foreign currency option contracts	13.7	3.8
Metal forward contracts	10.3	10.3
Metal options contracts	0.1	—
Crypto forwards	1.0	—
Crypto options	0.1	—
Credit default swaps	5.1	1.2
Interest rate forwards	35.6	5.1
Interest rate options	0.1	—
Equity forwards	0.3	0.2
Equity options	188.1	57.3
Precious metal forwards	0.1	0.8
Precious metal options	0.1	0.1
Held for trading derivatives that are designated in hedge accounting relationships:		
Foreign currency forward contracts	3.1	3.5
	787.8	**483.7**

20 DERIVATIVE INSTRUMENTS (CONTINUED)

	2023 $m	2022 $m
Financial liabilities		
Held for trading derivatives carried at FVTPL that are not designated in hedge accounting relationships:		
Agriculture forward contracts	106.5	113.4
Agriculture option contracts	25.2	16.6
Energy forward contracts	49.1	18.8
Energy option contracts	8.1	0.2
Foreign currency forward contracts	57.7	52.0
Foreign currency option contracts	14.8	3.2
Metals forward contracts	3.3	5.4
Precious metal forward contracts	2.6	29.8
Precious metal option contracts	1.8	0.1
Credit default swaps	3.1	4.0
Interest rate forward contracts	36.8	9.1
Interest rate option contracts	0.2	—
Equity forward contracts	24.1	11.5
Equity option contracts	179.2	27.9
Crypto forwards	14.9	0.9
Crypto options	20.5	—
Held for trading derivatives that are designated in hedge accounting relationships:		
Foreign currency forward contracts	0.2	1.6
	548.1	**294.5**

21 DEFERRED TAX

	2023 $m	2022 $m
Revaluation of investments	(1.0)	(0.2)
Depreciation in excess of capital allowances	(0.9)	(0.7)
Share-based payments	9.1	3.7
Other	0.1	0.1
31 December	**7.3**	**2.9**

	2023 $m	2022 $m
At 1 January	2.9	(0.4)
Credited to the income statement (note 11(a))	3.4	2.6
(Expensed) / credited to OCI	(0.9)	0.7
Credited to Equity	1.9	—
31 December	**7.3**	**2.9**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. Deferred tax balances have been measured using the tax rates that are expected to apply when the asset is realised or the liability is settled based upon the tax rates that have been enacted or substantially enacted by the balance sheet date.

The Finance Act 2021 enacted on 10 June 2021 increases the headline rate of UK corporation tax from 19% to 25% from 1 April 2023 which results in a blended effective rate of 23.50% for the year and 25% for future periods.

Unrecognised deferred tax assets

The Company has no unrecognised deferred tax assets in respect of employee compensation deductions (2022: $4.9m).

22 TRADE AND OTHER PAYABLES

	2023 $m	2022 $m
Amounts due to exchanges, clearing houses and other counterparties	52.1	421.8
Trade payables	1,309.1	1,063.7
Amounts due to group undertakings	718.9	4.4
Other tax and social security taxes	4.0	4.2
Other creditors	1.3	0.3
Accruals	122.2	81.9
	2,207.6	**1,576.3**

The Directors consider that the carrying amount of trade and other payables is not materially different to its fair value.

23 PROVISIONS

	Onerous Contracts $m	Leasehold dilapidations $m	Total $m
At 1 January 2022	—	0.8	0.8
Movement in the year:			
Provision on acquisition	3.8	—	3.8
Decrease during the year	(2.0)	(0.7)	(2.7)
	1.8	(0.7)	1.1
At 31 December 2022	1.8	0.1	1.9
Movement in the year:			
Decrease during the year	(1.8)	(0.1)	(1.9)
	(1.8)	(0.1)	(1.9)
At 31 December 2023	—	—	—

(a) Leasehold dilapidation
Leasehold dilapidation relates to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. As the Company exits leases the costs of reinstatement are booked against the provision and as the Company enters new leases estimates are made during the lease of the expected end of lease dilapidation costs.

(b) Onerous contracts
A provision for onerous contracts was made as a result of the acquisition of certain assets and liabilities of ED&F Man Capital Markets Limited on 1 October 2022. The provision related to various IT and office contracts where the Company cancelled these contracts as the related service was not required. The provision has been fully utilised in 2023.

24 SUBORDINATED LOANS DUE FROM GROUP UNDERTAKINGS

In 2021, the Company was extended a subordinated loan of $49.6m by its parent, Marex Group plc. The facility has a maturity date of 1 June 2031 and an optional call date of 1 June 2026. The total credit line is $49.6m. The subordinated borrowings of $49.6m are unsecured and carry interest at a fixed rate of 8%.

The subordinated borrowings qualify as Tier 2 equity capital under the FCA's prudential regulations.

25 CONTINGENT LIABILITIES

From time to time the Company is engaged in litigation in relation to a variety of matters, and it is required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews.

The Company's reputation may also be damaged by any involvement, or that of any of its employees or former employees, in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

As outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Company's results or net assets.

26 SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2023 Number	2023 $m	2022 Number	2022 $m
Ordinary shares of $1.65 each	**97,000,001**	**160.1**	**97,000,001**	**160.1**

The rights of the shares are as follows:

Class of share	Rights
Ordinary shares	Full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

27 OTHER RESERVES

The following describes the nature and purpose of the reserves within other reserves:

Reserves	Description
Revaluation reserve	Cumulative unrealised gains on investments in exchanges that are held at FVTOCI and recognised in equity as well as changes in own credit risk.
Cash flow hedge reserve	Cumulative unrealised gains and losses on hedging instruments deemed effective cash flow hedges.

28 LEASES

	2023	2022
Lease liabilities:	**$m**	**$m**
As at 1 January:	—	0.4
Payment of lease liabilities	—	(0.4)
At 31 December:	—	—

All leasing contracts and associated assets and liabilities in 2022 related to office space.

Other operating lease expenses including service charges, utilities, property insurance and maintenance amounted to $nil during 2023 (2022: $0.2m).

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is not applicable (2022: 4.23%).

29 FINANCIAL INSTRUMENTS

(a) Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Company as disclosed in notes 26 and 27. The primary objective of the Company's capital management is to maximise shareholder value.

As at 31 December 2023 and 31 December 2022 the Company had capital resources in excess of the external requisite minimum requirements. These requirements are driven by the UK Investment Firms Prudential Regime to ensure the Company has an adequate capital base to support the nature and scale of its operations. Management of regulatory capital forms an important part of the Company's risk governance structure. A robust programme of regular monitoring and review takes place to ensure the Company is in adherence with local rules and has capital in excess of external and internal limits. Regular submissions are made and constantly maintained with internal limits assessed against the Company's risk appetite, as determined by the Board.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments

Set out below is an analysis of the Company categories of financial assets as at 31 December.

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents	—	—	776.9	776.9
Equity instruments	11.5	—	—	11.5
Treasury instruments[1]	—	—	386.2	386.2
Amounts due from exchanges, clearing houses and other counterparties	—	—	1,339.2	1,339.2
Trade debtors	—	—	8.0	8.0
Amounts due from group undertakings	—	—	509.2	509.2
Default funds and deposits	—	—	98.1	98.1
Loans receivable	—	—	0.4	0.4
Other debtors[4]	—	—	20.6	20.6
Investments	—	4.8	—	4.8
Derivative instruments	784.7	3.1 [2]	—	787.8
31 December 2023	**796.2**	**7.9**	**3,138.6**	**3,942.7**

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (continued)

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial assets				
Cash and cash equivalents	—	—	552.0	552.0
Equity instruments	5.2	—	—	5.2
Treasury instruments[1]	—	—	269.6	269.6
Amounts due from exchanges, clearing houses and other counterparties	—	—	1,197.6	1,197.6
Trade debtors	—	—	4.6	4.6
Amounts due from group undertakings	—	—	590.7	590.7
Default funds and deposits	—	—	159.4	159.4
Loans receivable	—	—	0.3	0.3
Other debtors[3]	—	—	37.3	37.3
Investments	—	4.3	—	4.3
Derivative instruments	480.2	3.5 [2]	—	483.7
31 December 2022	**485.4**	**7.8**	**2,811.5**	**3,304.7**

1. The fair value of the treasury instruments, which are Level 1 instruments as they are all quoted instruments, held at amortised cost at 31 December 2023 was $387.9m (2022: $263.4m). The fair values of other assets and liabilities at amortised cost are consistent with the carrying amount.

2. The $3.1m (2022: $3.5m) hedging derivatives are at FVTOCI due to being designated in a cash flow hedging relationship.

3. $2.6m (2022: $1.9m (restated)) of the other debtors balance relates to sign-on bonuses (note 19) and are not included in the table above as they are not a financial asset.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments (continued)

Set out below is an analysis of the Company's categories of financial liabilities as at 31 December.

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial liabilities				
Trade payables	—	—	1,309.1	1,309.1
Amounts due to exchanges, clearing houses and other counterparties	—	—	52.1	52.1
Amounts due to group undertakings	—	—	718.9	718.9
Subordinated loan payable	—	—	49.6	49.6
Derivative instruments	547.9	0.2 [1]	—	548.1
Other creditors	—	—	1.3	1.3
Debt securities	978.2	—	—	978.2
31 December 2023	**1,526.1**	**0.2**	**2,131.0**	**3,657.3**

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial liabilities				
Trade Payables	—	—	1,063.7	1,063.7
Amounts due to exchanges, clearing houses and other counterparties	—	—	421.8	421.8
Amounts due to group undertakings	—	—	4.4	4.4
Subordinated loan payable	—	—	49.6	49.6
Derivative instruments	292.9	1.6 [1]	—	294.5
Other creditors	—	—	0.3	0.3
Debt securities	1,100.6	—	—	1,100.6
31 December 2022	**1,393.5**	**1.6**	**1,539.8**	**2,934.9**

1. The $0.2m (2022: $1.6m) hedging derivatives are at FVTOCI and are designated in a cash flow hedging relationship (note 29(f)).

29 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Equity instruments

Equity instruments relate to equities purchased for the Company's own account to hedge the economic exposure arising from the non-host derivative component of the Company's issued debt securities.

(d) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

As a member of the London Metal Exchange ('LME'), the Company is subject to the settlement and margining rules of LME Clear. The majority of products transacted by the Company are LME forward contracts. LME forwards that are in-the-money do not settle in cash until the maturity ('prompt') date, while the Company is required to post margin to cover loss-making contracts daily. In accordance with the LME Clear rules, the Company is able to utilise forward profits to satisfy daily margin requirements which are set-off against loss-making contracts. Consequently, trade payables and amounts due from exchanges, clearing houses and other counterparties are presented on a net basis in the statement of financial position. The balance of trade receivables includes offsetting of LME forwards against any cash collateral held with the LME.

The effect of offsetting is disclosed, below:

31 December 2023	Gross amount $m	Amounts set-off $m	Net amount presented $m	Non-cash collateral rec'd / (pledged) $m	Cash collateral rec'd / (pledged) $m	Net amount $m
Financial assets						
Amounts due from exchanges, clearing houses and other counterparties	1,691.8	(352.6)	1,339.2	—	—	1,339.2
Derivative instruments	827.3	(39.5)	787.8	—	(184.5)	603.3
Financial liabilities						
Trade payables	1,661.7	(352.6)	1,309.1	—	—	1,309.1
Derivative instruments	587.6	(39.5)	548.1	—	(128.5)	419.6

31 December 2022	Gross amount $m	Amounts set-off $m	Net amount presented $m	Non-cash collateral rec'd / (pledged) $m	Cash collateral rec'd / (pledged) $m	Net amount $m
Financial assets						
Amounts due from exchanges, clearing houses and other counterparties	1,984.0	(786.4)	1,197.6	—	—	1,197.6
Derivative instruments	499.1	(15.4)	483.7	—	(263.0)	220.7
Financial liabilities						
Trade payables	1,850.1	(786.4)	1,063.7	—	—	1,063.7
Derivative instruments	309.9	(15.4)	294.5	—	(102.8)	191.7

29 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Debt securities

Financial Products Programs

In 2018 and September 2021, the Company launched its Structured Notes Program and Public Offer Program (together, the 'Financial Products Programs'), respectively, which are at the core of the Financial Products business. The Financial Products business is part of the Hedging and Investment Solutions segment and provides our clients with structured investment products (the 'Structured Notes') and represents a way to diversify our sources of funding and to reduce the utilisation of our revolving credit facilities. The Financial Products business allows investors to build their own Structured Notes across numerous asset classes, including commodities, equities, foreign exchange and fixed income products.

Under the Structured Notes Program, the Company may issue warrants, certificates or notes, including auto callable, fixed, stability and capital linked notes with varied terms. As at 31 December 2023, the Company had $970.8m (2022: $1,094.1m) of debt securities issued under the Structured Notes Program with an average expected maturity of 15 months (2022: 17 months) however some of those debt securities issued include early redemption clauses exercised at the election of the investor if the underlying conditions are met. The average imputed interest rate of the notes was 7.8% (2022: 3.8%). These notes are designated at fair value through profit and loss.

Under the Public Offer Program, the Company may issue warrants, certificates or notes, including auto callable, fixed, stability and capital linked notes with varied terms. No notes (2022: no notes) were outstanding under the Public Offer Program.

Tier 2 Program

Under the Tier 2 Program, the Company may issue subordinated notes including fixed or floating rate, zero coupon, share or index linked notes with varied terms that qualify as Tier 2 Capital. The Tier 2 Program has been approved by the Vienna Stock Exchange and the Tier 2 Notes are listed on the Vienna Multilateral Trading Facility. As at 31 December 2023, the Company had $7.4m (2022: $6.5m) of debt securities issued under the Tier 2 Program with an average maturity of 26 months (2022: 40 months) and an average interest rate of SOFR plus 643 basis points (2022: SOFR plus 643 basis points).

(f) Financial risk management objectives

The Company's activities expose it to a number of financial risks including market risk, operational risk, credit risk and liquidity risk as discussed in the Strategic Report.

The Company manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Department control and manage the exposures of the Company's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. Credit risk in the Company principally arises from cash and cash equivalents deposited with third party institutions, exposures from transactions and balances with exchanges and clearing houses, and exposures resulting from transactions and balances relating to customers and counterparties, some of which have been granted credit lines.

The Company only makes treasury deposits with banks and financial institutions that have received approval from the Group's Executive Credit and Risk Committee. These deposits are also subject to counterparty limits with respect to concentration and maturity.

The Company's exposure to customer and counterparty transactions and balances is managed through the Company's credit policies and, where appropriate, the use of initial and variation margin credit limits in conjunction with overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight. The limits are set by the Group's Executive Credit and Risk Committee through a formalised process.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Credit quality

The table below does not take into account collateral held. All collateral held is in the form of cash received from clients.

	2023 $m	2022 $m
AA and above	1,354.3	1,967.7
AA-	1,455.6	210.4
A+	375.5	39.2
A	6.8	—
A-	22.4	354.2
BBB+	26.3	6.2
Lower and unrated	701.8	728.9
	3,942.7	**3,306.6**

The Company has received collateral in respect of its derivative assets during the year ended 31 December 2023 amounting to $184.5m (2022: $263m). Collateral was recognised in amounts due to exchanges, clearing houses and other counterparties. All collateral received from clients is in the form of cash.

Market risk

The Company's activities expose it to financial risks primarily generated through financial (interest rate, equity and foreign exchange markets) and commodity market price exposures. The Company's Market Making and Hedging and Investment Solutions businesses generate market risk as the Company acts as principal.

The Company manages market risk exposure using appropriate risk management techniques within predefined and independently monitored parameters and limits. The Company uses a range of tools to monitor and limit market risk exposures. These include Value-at-Risk ('VaR'), sensitivity limits and stress testing. VaR, risk sensitivity limits and stress testing have been implemented to provide oversight and control over the Market Making and Hedging and Investment Solutions segments and to ensure that trading is conducted within the pre-set risk appetite from the Board.

The Company is not yet required to calculate an Economic VaR for capital purposes. Continuous development of the Company's VaR framework and risk sensitivities will ensure a more consistent method of risk management for all desks. This continues to be developed.

Market risk management in the Market Making segment

VaR, risk sensitivity limits and stress testing are used to assess market risk associated with the Metals, Agriculture and Equities in the Market Making segment.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Value at Risk

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

The VaR model used by the Company for the Metals and Agriculture businesses is based upon the Monte Carlo simulation technique. This model derives plausible future scenarios from past series of recorded market rates and prices, taking account of inter-relationships between different markets and rates, including interest rates and foreign exchange rates. The model also incorporates the effect of option features on the underlying exposures.

The Monte Carlo simulation model used by the Company incorporates the following features:

- 5,000 simulations using a variance covariance matrix;
- simulations generated using geometric Brownian motion;
- an exceptional decay factor is applied across an estimation period of 250 days; and
- VaR is calculated to a one-day, 99.75% one-tail confidence level.

The Company validates VaR by comparing to alternative risk measures, for example, scenario analysis and exchange initial margins as well as the back testing of calculated results against actual profit and loss.

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations, for example:

- the use of both Monte Carlo and historical simulation as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- the use of a one-day holding period assumes that all positions can be liquidated or hedged in one-day. This may not fully reflect the market risk arising at times of severe liquidity stress, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;
- the use of a 99.75% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;
- the VaR, disclosed below, is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intraday exposure; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

The Company recognises these limitations by augmenting its VaR limits with other position and sensitivity limit structures. The Company also applies a wide range of stress testing, both on individual portfolios and on the Company's consolidated positions.

For the Metals and Agriculture businesses, the VaR as at 31 December 2023 was $1.5m (2022: $1.5m) and the average monthly VaR for the year ended 31 December 2023 was $2.0m (2022: $2.0m).

The Equity Market Making business offers market making services on UK equities and investment trusts catering to retail stockbrokers, wealth managers and institutional investors. Risk is systematically monitored and regulated through limits based on net-delta at the stock, book and overall portfolio levels, with triggers in place for monitoring gross long/short exposures. Additionally, a VaR (1 day 99.75%) limit is implemented as well to oversee and manage the desk activities. The VaR at 31 December 2023 was $0.1m (2022: $0.1m).

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Market risk management in the Hedging and Investment Solutions segment

The Hedging and Investment Solutions segment offers bespoke hedging solutions in the form of customised OTC derivatives and includes the structured notes issuance program. The market risk profile of the business is managed via risk sensitivities according to the prevailing risk factors of issued products and hedges. This is monitored and controlled daily on a net risk profile for each desk and supported by additional stress concentration and scenario-based analyses. Sensitivity analysis measures the impact of individual market factor movements on specific instruments or portfolios, including the key risks per asset class as follows:

- Commodity risk
- Equity risk
- Foreign exchange risk
- Interest rate risk
- Credit spread risk
- Crypto currency market risk

Risk sensitivity limits together with scenario stresses are used to manage the market risk for the Hedging and Investment Solutions segment given the inherent complexity of its products. The products traded within this segment gives rise to a number of different market risk exposures, commonly known as the 'greeks', e.g. delta, gamma, vega. Within each asset class, and in aggregate across the segment, the market risks are captured, measured, monitored and limited within the risk limits agreed with the Market Risk function.

The net market risk exposure to customised OTC derivatives, which includes structured notes issuance, within Hedging and Investment Solutions, including hedges, using the delta measure for the years ending 31 December 2023 and 2022 were $0.1m and $2.0m respectively. Risks on other asset classes are small.

Sensitivity measures are used to monitor the market risk positions within each risk type, and granular risk limits are set for each desk with consideration for market liquidity, customer demand and capital constraints among other factors.

Risk sensitivity calculations are made using a dedicated Risk Engine, whose models have been independently validated by a third party. They are calculated by altering a risk factor and repricing all products to observe the profit and loss impact of the change.

The Company issues products on cryptocurrencies, primarily Bitcoin and Ethereum. There are residual exposures in four other cryptocurrencies, driven from two structured notes previously issued. The exposures to cryptocurrencies are detailed in note 18.

Foreign currency risk

The Company's policy is to minimise volatility as a result of foreign currency exposure. As such, management monitors currency exposure on a daily basis and buys or sells currency to minimise the exposure, in addition to the hedging of material future-dated GBP commitments through the use of derivative instruments. It is the policy of the Company to enter into foreign exchange forward contracts (for terms not exceeding fourteen months) to hedge the exchange rate risk from these specific future-dated GBP commitments and designate them in cash flow hedge relationships. The Company's sensitivity to FX is immaterial as all our non-USD exposure is materially hedged.

Cash flow hedge

The associated gains and losses on derivatives that are used to hedge GBP commitments are recognised in other comprehensive income and will be recycled when the anticipated commitments take place and included in the initial cost of the hedged commitments.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

The following table details the foreign currency forward contracts, held within derivatives on the statement of financial position, that are designated in cash flow hedging relationships:

	2023			
Outstanding contracts	Average forward rates ($/£)	Foreign currency $m	Notional value £m	Fair value assets $m
Derivative assets designated as cash flow hedges				
Less than 3 months	1.2293	28.9	23.5	1.3
3 to 6 months	1.2301	14.7	12.0	0.6
6 to 12 months	1.2303	29.4	23.9	1.2
		73.0	59.4	3.1

	2023			
Outstanding contracts	Average forward rates ($/£)	Foreign currency $m	Notional value £m	Fair value liabilities $m
Derivative liabilities designated as cash flow hedges				
Less than 3 months	1.2912	3.9	3.0	(0.1)
3 to 6 months	1.2986	3.9	3.0	—
6 to 12 months	1.2856	7.7	6.0	(0.1)
		15.5	12.0	(0.2)

	2022			
Outstanding contracts	Average forward rates ($/£)	Foreign currency $m	Notional value £m	Fair value assets $m
Derivative assets designated as cash flow hedges				
Less than 3 months	1.1357	19.5	17.2	1.3
3 to 6 months	1.1357	19.5	17.2	1.3
6 to 12 months	1.1513	16.5	14.3	0.9
		55.5	48.7	3.5

	2022			
Outstanding contracts	Average forward rates ($/£)	Foreign currency $m	Notional value £m	Fair value liabilities $m
Derivative liabilities designated as cash flow hedges				
Less than 3 months	1.3407	16.1	12.0	(1.6)
		16.1	12.0	(1.6)

As at 31 December 2023, the aggregate amount of gains/(losses) under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to the exposure on these anticipated future commitments is a gain of $2.9m (2022: $2.1m gain). It is anticipated that these commitments will become due monthly over the course of the next twelve months, at which time the amount deferred in equity will be recycled to profit and loss.

As at 31 December 2023 no ineffectiveness (2022: $nil) has been recognised in profit and loss arising from the hedging of these future dated GBP commitments.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Interest rate risk

The Company is exposed to interest rate risk based on the difference between the interest rates earned on investments (interest-earning assets such as cash posted to exchanges or deposited with banks and/or invested in highly liquid securities), and the interest rates paid on client balances and debt financing (interest-bearing liabilities). These interest-earning assets and interest-bearing liabilities are not part of our fair value trading portfolio and as such the exposure they create to interest rate risk is measured using a sensitivity analysis. Interest rate risk created by other financial assets and financial liabilities measured at fair value and within our trading portfolio is measured by VaR.

The exposure to interest rate fluctuations is, however, limited through the offset that exists between the interest-earning assets and interest-bearing liabilities. The sensitivity is variable to the extent that investments are linked to client balances and, in addition, many of the balances have limited sensitivity as both the assets and liabilities are exposed to similar reference rates. Since the return paid on client liabilities is generally reset to prevailing market interest rates on an overnight basis, the Company is only exposed for the time it takes to reset any of our fixed-rate investments which typically have maturities of less than three months, with the exception of certain U.S. Treasuries, which have a maturity of up to two years.

The interest rate movements are monitored for potential impact to net interest income ('NII') continuously. The Company is sensitive to movements in short term rates, as changes to the rate will require a rebalancing of any fixed rate exposure. The Company considers that short term rates include rates that reference periods between overnight and three months on the basis that these are the most common fixing periods for interest rate products. The interest rate exposure is managed using a variety of instruments and are exposed to material changes in the short term rates as these are likely to reflect fixing periods during which floating rate exposure is effectively fixed until the next fixing date is reached. Analysis of recent changes to short term rates suggest that movements are usually within a 100bps range; this is based on a review of Fed Funds rate moves over a rolling three month period between January 2022 and September 2023 and as such, the Company has considered a movement of 100bps to be an extreme scenario over a three month period.

The Company has modelled the interest rate sensitivity to include the impact of rate movements on the income earned on average investment balances offset with expenses paid on interest bearing liabilities and debt funding. This reflects the proportion of client assets which are interest bearing and the average balances of our debt funding. The sensitivity analysis has been determined based on the exposure at the reporting date and does not include effects that may arise from increased margin calls at exchanges, changes in client behaviour or related management actions.

It is estimated, that as at 31 December 2023, if the relevant short term interest rates had been 100bps higher, NII on interest-bearing financial assets and financial liabilities for the year ended 31 December 2023 would increase by $12m (2022: $19m). If the short-term interest rates had been 100bps lower, NII for interest-bearing financial assets and financial liabilities for the year ended 31 December 2023 would decrease by $12m (2022: $19m). This impact relates solely to NII and does not include the impact of compensation or taxes which would reduce the impact on profit after tax.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Concentration risk

To mitigate the concentration of credit risk exposure to a particular single customer, counterparty or group of affiliated customers or counterparties, the Company monitors these exposures carefully and ensures that these remain within pre-defined limits. Large exposure limits are determined in accordance with appropriate regulatory rules.

Further concentration risk controls are in place to limit exposure to clients or counterparties within single countries of origin and operation through specific country credit risk limits as set by the Group Board Risk Committee.

The largest concentration of cash balances as at 31 December 2023 was 52% (2022: 82%) to a UK-based, AA rated global banking group (2022: UK-based, AA- rated global banking group).

The largest concentration of exposures to exchanges, clearing houses and other counterparties as at 31 December 2023 was 66% to ICE (2022: 44%) and 31% to the LME (2022: 26% to the CME).

The largest concentration of exposures to treasury instruments is to the United States Government as 100% (2022: 100%) of the instruments are issued by the US Government or a US Government sponsored enterprise.

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the Individual Capital and Risk Assessment (ICARA) and Liquidity Risk Framework. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Company has sufficient resources to meet its margin requirement at clearing houses and third party brokers. In the event of a liquidity issue arising, the Company has recourse to existing global cash resources, after which support can be provided by the Group.

There are strict guidelines followed in relation to products and tenor into which excess liquidity can be invested. Excess liquidity is invested in highly liquid instruments, such as cash deposits with financial institutions for a period of less than 3 months and US Treasuries with a maturity of up to 2 years.

The financial liabilities are based upon rates set on a daily basis, apart from the financing of the warrant positions and the credit facility where the rates are set for the term of the loan. For assets not marked-to-market, there is no material difference between the carrying value and fair value.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Liquidity risk exposures

The following table details the Company's contractual maturity for non-derivative liabilities. Debt securities are presented discounted based on the first call dates.

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Trade payables	1,309.1	—	—	—	—	1,309.1
Amounts due to exchanges, clearing houses and other counterparties	52.1	—	—	—	—	52.1
Amounts due to group undertakings	718.9	—	—	—	—	718.9
Subordinated loan payable	—	—	—	49.6	—	49.6
Other creditors	—	1.3	—	—	—	1.3
Debt securities	—	250.2	528.2	199.8	—	978.2
31 December 2023	**2,080.1**	**251.5**	**528.2**	**249.4**	**—**	**3,109.2**

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Trade payables	1,063.7	—	—	—	—	1,063.7
Amounts due to exchanges, clearing houses and other counterparties	421.7	0.1	—	—	—	421.8
Amounts due to group undertakings	4.4	—	—	—	—	4.4
Subordinated loan payable	—	—	—	49.6	—	49.6
Other creditors	—	0.3	—	—	—	0.3
Debt securities (restated)	—	197.8	610.0	272.2	20.6	1,100.6
31 December 2022	**1,489.8**	**198.2**	**610.0**	**321.8**	**20.6**	**2,640.4**

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Liquidity risk (continued)

Shown below is the Company's contractual maturity for non-derivative financial assets:

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $m
Cash and cash equivalents	776.9	—	—	—	776.9
Equity instruments	5.7	5.8	—	—	11.5
Treasury instruments	—	386.2	—	—	386.2
Amounts due from exchanges, clearing houses and other counterparties	1,339.2	—	—	—	1,339.2
Trade debtors	—	8.0	—	—	8.0
Amounts due from group undertaking	509.2	—	—	—	509.2
Default funds and deposits	—	98.1	—	—	98.1
Loans receivable	—	—	0.4	—	0.4
Other debtors	20.5	—	—	0.1	20.6
31 December 2023	**2,651.5**	**498.1**	**0.4**	**0.1**	**3,150.1**

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $m
Cash and cash equivalents	552.0	—	—	—	552.0
Equity instruments	5.2	—	—	—	5.2
Treasury instruments	96.4	77.4	48.1	47.7	269.6
Amounts due from exchanges, clearing houses and other counterparties	1,197.6	—	—	—	1,197.6
Trade debtors	—	4.6	—	—	4.6
Amounts due from group undertaking	590.7	—	—	—	590.7
Default funds and deposits	—	159.4	—	—	159.4
Loans receivable	—	—	0.3	—	0.3
Other debtors	—	37.3	—	—	37.3
Inventory	27.5	—	—	—	27.5
31 December 2022	**2,469.4**	**278.7**	**48.4**	**47.7**	**2,844.2**

Both assets and liabilities are included to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Liquidity risk (continued)

The following table details the Company's expected contractual maturity for derivative financial assets and derivative financial liabilities:

Derivative instruments	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
	$m	$m	$m	$m	$m	$'000
Assets	—	227.5	139.8	416.2	4.3	787.8
Liabilities	—	(223.4)	(108.5)	(214.4)	(1.8)	(548.1)
31 December 2023	**—**	**4.1**	**31.3**	**201.8**	**2.5**	**239.7**

Derivative instruments	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
	$m	$m	$m	$m	$m	$m
Assets	—	128.6	154.7	200.0	0.4	483.7
Liabilities	—	(134.2)	(124.9)	(35.3)	(0.1)	(294.5)
31 December 2022	**—**	**(5.6)**	**29.8**	**164.7**	**0.3**	**189.2**

The derivative asset and liability do not meet the offsetting criteria in IAS 32, but the Company has the right of offset in the case of default, insolvency or bankruptcy. Consequently, the gross amount of the derivative asset $787.8m (2022: $483.7m) and gross amount of the derivative liability of $548.1m (2022: $294.5m) are presented separately in the Company's statement of financial position.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Fair value measurement

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

Management assessed that the fair values of treasury instruments, stock borrowing, reverse repurchase agreements, amounts due from exchanges, clearing houses and other counterparties, cash and short term deposits, trade receivables, repurchase agreements, stock lending and trade and other payables approximate their carrying value amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the Level 2 fair values:

- the fair values of the debt securities takes the price quotations at the reporting date and compares them against internal quantitative models that require the use of multiple market inputs including commodities prices, interest and foreign exchange rates to generate a continuous yield or pricing curves and volatility factors, which are used to value the position.

- the fair value of non-listed investments relates to the Company's holding of seats and membership of the exchanges and is based upon the latest trading price.

- the Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates curves of the underlying commodity. Some derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Company's own non-performance risk.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. Some of the Company's derivative financial instruments are priced using quantitative models that require the use of multiple market inputs including commodity prices, interest and foreign exchange rates to generate continuous yield or pricing curves and volatility factors in addition to unobservable inputs, which are used to value the position and therefore qualify as Level 3 financial assets.

Own credit

Under IFRS 9, changes in fair value related to own credit risk for other financial liabilities designated at fair value through profit and loss are recognised in other comprehensive income. The changes in own credit risk recognised in other comprehensive income are subsequently transferred within equity to retained earnings in the same period as the sales fee income is deemed earned. The Company determines its own credit spread regularly based on a model using observable market inputs. Management estimates the own credit spread through using market observable credit spreads and paid credit spreads for public distributed products of the Company. The estimated own credit sensitivity to a 1 basis point move in credit spread is \$0.2m (2022: \$0.2m). Hence an increase in own credit spread of 1 basis point will lead to a charge of \$0.1m (2022: \$0.2m) recognised in other comprehensive income.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Fair value measurement (continued)

The following table shows an analysis of the financial assets and liabilities recorded at fair value shown in accordance with the fair value hierarchy. No assets or liabilities have been transferred between levels within the fair value hierarchy during 2023 or 2022.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets – FVTPL:				
Equity instruments	11.5	—	—	11.5
Derivative instruments	—	784.0	0.7	784.7
Inventory	144.5	—	—	144.5
Financial assets – FVTOCI:				
Investments	1.8	3.0	—	4.8
Derivative instruments	—	3.1	—	3.1
Financial liabilities – FVTPL:				
Derivative instruments	—	(544.9)	(3.0)	(547.9)
Debt securities	—	(975.9)	(2.3)	(978.2)
Financial liabilities – FVTOCI:				
Derivative instruments	—	(0.2)	—	(0.2)
At 31 December 2023	**157.8**	**(730.9)**	**(4.6)**	**(577.7)**

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Fair value measurement (continued)

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets – FVTPL:				
Equity instruments	5.2	—	—	5.2
Derivative instruments	—	477.6	2.6	480.2
Inventory	27.5	—	—	27.5
Financial assets – FVTOCI:				
Investments	1.5	2.8	—	4.3
Derivative instruments	—	3.5	—	3.5
Financial liabilities – FVTPL:				
Derivative instruments	—	(288.1)	(4.8)	(292.9)
Debt securities	—	(1,100.6)	—	(1,100.6)
Financial liabilities – FVTOCI:				
Derivative instruments	—	(1.6)	—	(1.6)
At 31 December 2022	**34.2**	**(906.4)**	**(2.2)**	**(874.4)**

The following table summarises the movements in the Level 3 balances during the period.

Asset and liability transfers between Level 2 and Level 3 are primarily due to either an increase or decrease in observable market activity related to an input or a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant. No transfers have taken place between Level 2 and Level 3.

Reconciliation of Level 3 fair value measurements of financial assets

	2023 $m	2022 $m
Balance at 1 January	2.6	1.4
Purchases	—	0.9
Settlements	(2.4)	(0.6)
Total gains or losses in the period recognised in the income statement:		
Market making	0.5	0.9
Balance at 31 December	**0.7**	**2.6**

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Financial risk management objectives (continued)

Fair value measurement (continued)

The following table summarises the movements in the Level 3 balances during the period.

Asset and liability transfers between Level 2 and Level 3 are primarily due to either an increase or decrease in observable market activity related to an input or a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant. No transfers have taken place between Level 2 and Level 3.

Reconciliation of Level 3 fair value measurements of financial liabilities

	2023	2022
	$m	$m
Balance at 1 January	4.8	2.4
Purchases	—	1.6
Settlements	(0.7)	(0.1)
Total gains or losses in the period recognised in the income statement:		
Market making	2.9	0.9
Transfers out of Level 3	(4.0)	—
Transfers into Level 3	2.3	—
Balance at 31 December	**5.3**	**4.8**

The Company's management believes, based on the valuation approach used for the calculation of fair values and the related controls, that the Level 3 fair values are appropriate. The impact of reasonably possible alternative assumptions from the unobservable input parameters shows no significant impact on the Company's net profit, comprehensive income or shareholder's equity.

30 CLIENT MONEY

As required by the UK FCA's Client Assets Sourcebook rules, the Company maintains certain balances on behalf of clients with banks, exchanges, clearing houses and brokers in segregated accounts. These amounts and the related liabilities to clients, whose recourse is limited to segregated accounts, are not included in the statement of financial position as the Company is not beneficially entitled thereto.

	2023	2022
	$m	$m
Segregated assets at banks (not recognised on the Company balance sheet)	1,481.3	1,790.1
Segregated assets at exchanges, clearing houses and other counterparties (not recognised on the Company balance sheet)	2,084.6	3,410.8
	3,565.9	**5,200.9**

31 BUSINESS COMBINATIONS

No acquisitions occurred during the year ended 31 December 2023.

On 1 October 2022, the Company acquired the business clients (clearing, metals, FF&O and FX), certain staff and selected assets of ED&F Man Capital Markets Limited, which is a limited liability company incorporated in England and Wales.

	2022 $m
Cash consideration	43.9
Total consideration	**43.9**
Recognised amounts of identifiable net assets:	
Tangible fixed assets	0.3
Right-of-use assets	0.1
Cash and cash equivalents	149.9
Trade and other receivables	4.2
Prepayments and accrued income	3.9
Other debtors	8.4
Margins with brokers, exchanges and clearing houses	115.4
Receivable secured on default funds	60.0
Lease liabilities	(0.1)
Margins due to brokers, exchanges and clearing houses	(2.5)
Trade and other payables	(283.6)
Total identifiable assets and liabilities	**56.0**
Bargain purchase gain	**12.1**

Receivables
The fair value of the receivables approximates to their book value. The gross contractual amounts of trade receivables are $4.4m. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is $0.2m.

Acquisition-related costs
In 2022, acquisition-related costs (included in administrative expenses) amount to $3.8m.

Contribution to the Company's results
In 2022, the business and assets acquired from ED&F Man Capital Markets Limited contributed $33.1m revenue and $12.8m to the Company’s profit for the period between the date of acquisition and the reporting date. If the acquisition of the business and assets had been completed on the first day of the financial year, Company revenue for the year would have increased by $84.5m and Company profit would have increased by $3.4m.

Bargain purchase gain
In 2022, a bargain purchase gain of $12.1m was recognised as a result of the business and asset purchase. The transaction resulted in a gain due to the discount applied of $12.1m to the tangible net assets acquired and has been recognised within the Company's income statement. The transaction resulted in a gain due to the desire of the seller to exit the capital markets business segment.

32 RESTATEMENT

(a) Restatement of the income statement

Change in accounting policies

Change of presentation of income statement

Historically the Company has presented revenue and expenses in its income statement at an aggregated level. For the period ended 31 December 2022, the Company decided to present within revenue all the income derived from the ordinary activities of the Company and disaggregate them in the income statement to provide the users of the financial statements with a presentation which is more reflective of the manner in which the business is managed and to provide additional clarity regarding the Company's performance. In connection with this, commissions and fees paid to exchanges and clearing houses and all interest income and interest expense incurred as part of the ordinary activities of the Company, are now presented within revenue. Similarly, a more granular presentation has been adopted for the Company's expenses. This will provide more reliable and relevant information for the users of its financial statements. This change has been applied retrospectively for comparative purposes and only impacts the presentation of the income statement and has no impact on profit after tax. The changes do not impact the statement of financial position or the statements of comprehensive income and changes in equity. The impact in the statement of cash flows is described in the section below.

In aggregate, considering the above changes in accounting policies in the income statement, revenue as restated is $336.6m. Previously, revenue was reported as $454.9m. All other changes resulted in a disaggregation of line items into a nature-based presentation to provide better information or present them separately as required.

	2022 $m
Revenue as originally presented	**454.9**
plus: interest income	49.6
minus: interest expense	(15.0)
minus: commission and fee expense	(152.9)
Revenue as restated	**336.6**

Correction of errors

Presentation of interest income calculated using the effective interest method

The Company did not present separately in the income statement the interest income calculated using the effective interest method as required by IAS 1. As restated for the year ended 31 December 2022, interest income is $69.4m. As reported, $19.8m of interest income was presented within revenue and $49.6m as finance income. The error did not impact profit after tax. The correction of this error does not impact the statement of financial position, the statements of comprehensive income, cash flows or of changes in equity.

32 RESTATEMENT (continued)

(b) Restatement of the statement of financial position

Correction of errors

Reclassification of software from property, plant and equipment to intangible assets

The Company presented as property, plant and equipment an amount of software ($1.8m) in the statement of financial position as the Company considered the software was integral to the operation of the hardware. The software is separable from hardware and can reside on any infrastructure delivering full functionality, hence it should be presented as intangible assets. The correction of this error does not impact the consolidated income statements, the statements of comprehensive income, or of changes in equity.

The impact of the correction of this reclassification error in the statement of financial position is as follows:

31 December 2022	As reported	Adjustment	As restated
	$m	$m	$m
Intangible assets	3.3	1.8	5.1
Property, plant and equipment	2.4	(1.8)	0.6

Presentation of debt securities in issue

In connection with the preparation of the Company's financial statements, the Company identified an error related to the classification of current and non-current debt securities liabilities, specifically related to structured notes issued. Historically the Company classified the structured notes in line with the expected maturities of the instruments, however some structured notes are linked to the performance of underlying securities issued by third parties and include early redemption clauses, granting the investors the right to call them if the price of the underlying securities is higher than a specified threshold at certain dates. As the performance of the underlying securities is beyond the control of the Company, we do not have an unconditional right to defer settlement of the liability for at least 12 months after the period end. Therefore they need to be classified as current liabilities as required by International Accounting Standard 1, Presentation of Financial Statements.

The impact of the correction of this error is presented below. Total liabilities remain unchanged for all periods presented. The error did not impact the income statement, the statements of comprehensive income, cash flows or changes in equity.

	31 December 2022			1 January 2022		
	As reported	Adjustment	As restated	As reported	Adjustment	As restated
Debt securities – current	346.2	461.6	807.8	463.6	526.5	990.1
Total current liabilities	2,218.9	461.6	2,680.5	1,508.9	526.5	2,035.4
Debt securities – non-current	754.4	(461.6)	292.8	613.0	(526.5)	86.5
Total non-current liabilities	804.0	(461.6)	342.4	663.1	(526.5)	136.6

32 RESTATEMENT (continued)

(c) Restatement of the cash flow statement

Impact of change of presentation of the income statement of and correction of errors in the cash flow statement

Following the changes in the presentation of the income statement, the Company aligned its cash flow statement and corrected some errors in the classification of certain cash flows.

- Cash flows related to interest received (2022: $25.8m) and paid (2022: ($15.4m)) are now presented as part of operating activities. Previously, interest received was considered an investing activity and interest paid a financing activity.
- Movement in fair value of derivative instruments (2022: $107.1m) is presented as a reconciling item between profit before tax and net cash flows from operating activities. Previously, it was presented as working capital adjustments within operating activities.
- Increase in debt securities (2022: $24.0m) is now presented as operating activities. Previously it was presented as financing activities.
- The effect of foreign exchange rates (2022: ($6.5m)) in cash and cash equivalents is now presented separately. Previously, it was presented as part of the reconciling items between profit before tax and net cash flows from operating activities.

The impact of the change in presentation of the income statement and correction of the above errors in the cash flow statement is as follows:

31 December 2022	**As reported**	**Adjustment**	**As restated**
	$m	**$m**	**$m**
Operating cash flows before changes in working capital	43.9	148.2	192.1
Cash flows from operating activities	(28.4)	40.9	12.5
Net cash from operating activities	(39.6)	40.9	1.3
Net cash from investing activities	129.5	(25.8)	103.7
Net cash from financing activities	8.2	(8.6)	(0.4)
Effect of foreign exchange rate changes	—	(6.5)	(6.5)

33 EVENTS AFTER THE BALANCE SHEET DATE

No events have taken place between 31 December 2023 and the date of release of this report which would have a material impact on either the financial position or operating results of the Company.

34 RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The immediate parent undertaking is Marex Group plc, a public limited company incorporated in England and Wales, in whose consolidated financial statements the Company's results are included. These consolidated financial statements are available from its registered office at 155 Bishopsgate, London, EC2M 3TQ.

The ultimate parent and ultimate controlling party of the Company is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

(b) Key Management Personnel

The remuneration paid to key management personnel for their services to the Company was as follows:

	2023	2022
	$m	$m
Aggregate wages and salaries	17.9	23.9
Short-term monetary benefits	0.1	—
Defined contribution pension cost	0.1	—
Management incentive plan	14.1	—
	32.2	**23.9**

The remuneration of the highest paid director for their services to the Company was $4.1m (2022: $4.3m). The salaries, fees, bonuses and benefits in kind paid to Directors was $4.1m (2022: $6.4m). The amounts awarded to Directors under the deferred bonus plan was $2.7m (2022: $2.2m). The defined pension contribution for Directors was less than $0.1m (less than $0.1m). 2 Directors (2022: 1 Director) were members of the main UK pension plan. Dividends paid to Directors were less than $0.1m (2022: $nil).

(c) Transactions with entities having significant influence over the Company

During the year, the Company received consortium relief amounting to $26,144, from entities that have significant influence over the Company (2022: $nil). The consortium relief payable balance at 31 December 2023 was $nil (2022: $nil).

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances and transactions with other group undertakings

	Amounts owed from related parties 2023 $m	Amounts owed from related parties 2022 $m	Amounts owed to related parties 2023 $m	Amounts owed to related parties 2022 $m	Amounts included in operating profits 2023 $m	Amounts included in operating profits 2022 $m
Arfinco S.A.	—	—	(0.6)	(0.1)	(0.2)	—
Carlton Commodities 2004 LLP	—	—	(5.2)	(2.6)	—	—
CSC Commodities UK Limited	—	—	(35.9)	(20.9)	19.4	38.2
Eagle Energy Brokers LLC	—	—	(0.1)	—	—	—
Global Metals Network Limited	14.0	—	—	—	(0.1)	—
HPC Tel Aviv Limited	0.1	—	—	—	—	—
Marex Australia Pty Limited	—	0.2	(0.6)	—	0.9	—
Marex Brazil Participações Ltda	—	0.1	(0.7)	—	0.8	—
Marex Capital Markets Inc.	15.0	24.8	—	—	(22.1)	4.1
Marex Client Services Inc.	—	—	—	(3.9)	(0.1)	—
Marex Derivative Products Inc.	0.1	—	—	(4.1)	—	—
Marex Europe Holdings Limited	29.6	—	—	—	—	—
Marex France SAS	1.2	—	—	(1.9)	4.8	—
Marex Group plc	—	348.4	(558.8)	—	(0.4)	4.8
Marex Holdings Limited	0.1	10.8	—	—	—	—
Marex Hong Kong Limited	—	—	(5.8)	(3.8)	6.7	6.3
Marex International Holdings Limited		—	—	(172.9)	—	—
Marex MENA Limited	4.0	2.1	—	—	3.8	0.1

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances and transactions with other group undertakings (continued)

	Amounts due from related parties 2023 $m	Amounts due from related parties 2022 $m	Amounts owed to related parties 2023 $m	Amounts owed to related parties 2022 $m	Amounts included in operating profits 2023 $m	Amounts included in operating profits 2022 $m
Marex Netherlands B.V.	2.1	—	—	—	0.1	—
Marex North America LLC	—	—	—	(2.8)	5.5	7.0
Marex North America Securities	0.1	0.9	—	—	(0.1)	—
Marex Professional Trading Services Inc.	—	—	—	(0.2)	—	—
Marex S.A	—	—	(9.3)	—	14.0	—
Marex Services Inc.	—	—	(1.1)	(43.9)	2.7	—
Marex Spectron Asia Pte Limited	0.1	—	—	(2.9)	10.2	12.2
Marex Spectron Europe Limited	—	—	(25.8)	(5.4)	(0.6)	0.5
Marex Spectron International Limited	—	8.1	(74.8)	(8.9)	(28.5)	(22.1)
Marex Spectron USA LLC	9.2	17.2	—	—	(2.3)	0.5
Marex Trading International Limited	28.9	21.8	—	—	(4.3)	—
Marquee Oil Broking Limited	—	—	(0.1)	—	—	—
MNA Holdings Inc.	47.9	139.8	—	—	—	—
Nanolytics Capital Advisors	—	—	(0.1)	—	—	—
OTCex Hong Kong Limited	3.4	—	—	—	—	—
Spectron Energy (Asia) Pte Limited	0.4	3.2	—	—	(2.5)	(2.2)
Spectron Energy Inc.	26.3	4.2	—	—	(0.7)	(0.6)
Spectron Services Limited	291.4	247.8	—	—	49.9	41.5
Starsupply Petroleum Europe B.V.	1.4	0.8	—	—	(0.1)	(1.4)

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances and transactions with other group undertakings (continued)

	Amounts due from related parties 2023 $m	Amounts due from related parties 2022 $m	Amounts owed to related parties 2023 $m	Amounts owed to related parties 2022 $m	Amounts included in operating profits 2023 $m	Amounts included in operating profits 2022 $m
Tangent Trading Holdings Limited	—	12.5	—	—	—	—
Tangent Trading Limited	7.3	—	—	—	(0.8)	—
Volatility Performance Fund S.A	2.2	2.9	—	—	—	—
Volcap Trading Partners Limited	22.2	14.1	—	—	1.9	13.0
X Change Financial Access LLC	2.1	0.9	—	—	(2.1)	—
Xeram CEEMA Limited	0.1	—	—	—	—	—
	509.2	**860.6**	**(718.9)**	**(274.3)**	**55.8**	**101.9**

All balances owed to and from related parties listed above are repayable on demand.

(e) Share based payments

The Group operates three equity-settled share-based remuneration schemes for Executive Directors and senior management that relate to the shares of the parent company, Marex Group plc. All are United Kingdom tax authority unapproved schemes. The cost of the service is calculated by reference to the fair value of shares at the grant date, the number of shares expected to vest under the schemes and the probability that the performance and the service conditions will be met. The fair values of the shares were calculated by applying an estimated price-earnings multiple to the earnings per share of the Group, which prior to grant was approved at the Remuneration Committee. The cost of the service is recognised in the income statement over the period that the employee provides service and there is a shared understanding of the terms and conditions of the arrangement. The employee to whom these awards were granted must not depart from the Group, and such an action would require a forfeiture of some or all of the award depending on the conditions under which the employee were to leave.

Deferred Bonus Plan
Members of the scheme are awarded a fixed number of non-voting ordinary shares vesting in three equal tranches over the three years following the date of grant. As the awards are based on the employees' annual performance, the grant date is deemed to be the beginning of the year for which the bonus had been awarded.

Retention Long Term Incentive Plan
Members of the scheme are awarded a variable number of non-voting ordinary shares three years after the grant date. The number of shares awarded is determined by reference to a hurdle return on equity of the Group and to growth targets for the profit after tax of the Group over the three-year period.

Annual Long Term Incentive Plan
Members of the scheme are awarded a variable number of non-voting ordinary shares three years after the grant date. The number of shares awarded is determined by reference to financial underpins; the first is a hurdle return on equity of the Group and the second underpin is growth targets for the adjusted operating profit after tax over the three-year period.

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Share based payments (continued)

The charge for the year for the Company arising from share-based payment schemes was as follows:

	2023 $m	2022 $m
Deferred Bonus Plan	9.3	4.6
Retention Long Term Incentive Plan	3.7	7.7
Annual Long Term Incentive Plan	1.7	—
Total equity-settled share-based payments	**14.7**	**12.3**

The movement on share awards was as follows:

	2023 No.	2022 No.
Outstanding at the beginning of the year	4,211,665	2,952,965
Granted during the year	2,153,195	1,304,910
Vested during the year	(227,779)	—
Forfeited during the year	—	(46,210)
Outstanding at the end of the year	**6,137,081**	**4,211,665**
Weighted average fair value of awards granted ($)	**6.7**	**6.0**

For the purposes of the above disclosure the fair value of the awards granted during 2023 is assumed to be the final price approved by the Group Remuneration Committee.

35 COUNTRY BY COUNTRY REPORTING

This disclosure has been prepared in accordance with The Capital Requirements (Country by Country Reporting) Regulation 2013. The Company is regulated by the FCA on a solo basis and has only one unregulated subsidiary, Carlton Commodities 2004 LLP (the 'LLP'). The LLP is incorporated in England and Wales and its registered office is 155 Bishopsgate, London, EC2M 3TQ. The LLP's principal business activity is that of commodity and option trading.

For the year ended 31 December 2023 (consolidated basis):

Legal entity on a consolidated basis	Employees No.	Revenue $m	Profit before tax $m	Taxation paid / (received) $m	Public subsidies received $m
Marex Financial	704	481.8	121.7	29.1	-

For the year ended 31 December 2022 (consolidated basis):

Legal entity on a consolidated basis	Employees No.	Revenue (restated) $m	Profit before tax $m	Taxation paid / (received) $m	Public subsidies received $m
Marex Financial	572	344.3	78.9	11.3	-