



CMC Markets plc and its subsidiaries
The Capital Requirements
(Country-by-country reporting)
Regulations 2013
31 March 2022

A thick, light blue curved line that starts from the bottom left and arcs across the page towards the top right, partially overlapping the text.



Country-by-country reporting schedule (“the schedule”)

1. Introduction

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

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

- CMC Markets UK plc
- CMC Spreadbet plc
- CMC Markets Investments Limited

2. Basis of preparation

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

- **Compliance with International Financial Reporting Standards (‘IFRSs’)**

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards with future changes being subject to endorsement by the UK Endorsement Board. The entities transitioned to UK-adopted International Accounting Standards in their financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The amount disclosed for turnover is prepared on the same basis as the financial statements of CMC Markets UK plc, CMC Spreadbet plc and CMC Markets Investments Limited for the year ended 31 March 2022, which have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

- **Consolidation**

Turnover is reported on a consolidated basis for each country.

- **Country**

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

3. Nature of activities and operating entities by region

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

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

CMC Spreadbet plc operates only in the United Kingdom

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

CMC Markets Investments Limited operates only in the United Kingdom

Jurisdiction	Nature of activities
United Kingdom	Online execution only investment business which provides its customers with access to US and UK equities, ETFs and Investment trusts via GIA accounts.

4. Country-by-country report

For the year ended 31 March 2022

	Turnover ¹ (£ '000)	Number of employees ²	Profit / (loss) before tax (£ '000)	Accounting tax charge / (credit) (£ '000)	Cash tax paid / (refund) (£ '000)
CMC Markets UK plc					
United Kingdom	268,156	484	72,566	13,174	10,899
Germany	95	-	-	25	91
Spain	-	-	-	-	-
Sweden	-	-	-	-	61
Norway	-	-	(1)	-	-
France	-	-	(2)	61	(47)
Italy	-	-	(1)	5	-
Austria	-	-	-	-	-
China	-	1	(100)	-	-
Poland	-	-	31	4	9
Australia	773	-	772	246	47
Consolidation Adjustments	(767)	-	-	-	-
CMC Markets UK plc Total	268,257	485	73,265	13,515	11,060
Subsidiary of CMC Markets UK plc – CMC Markets Germany GmbH					
Germany	13,394	26	927	250	480
Austria	232	1	15	(2)	-
Poland	1,489	11	96	29	7
Spain	1,394	8	91	20	32
Norway	1,619	7	108	24	41
Consolidation Adjustments	(4,737)	-	-	-	-
CMC Markets Germany GmbH Total	13,391	53	1,237	321	560
Total	281,648	538	74,502	13,836	11,620
CMC Spreadbet plc					
United Kingdom	23,077	-	2,154	-	-
CMC Spreadbet plc Total	23,077	-	2,154	-	-
CMC Markets Investments Limited					
United Kingdom	-	-	(431)	-	-
CMC Markets Investments Limited Total	-	-	(431)	-	-

¹ Statutory revenue

² Full time equivalent

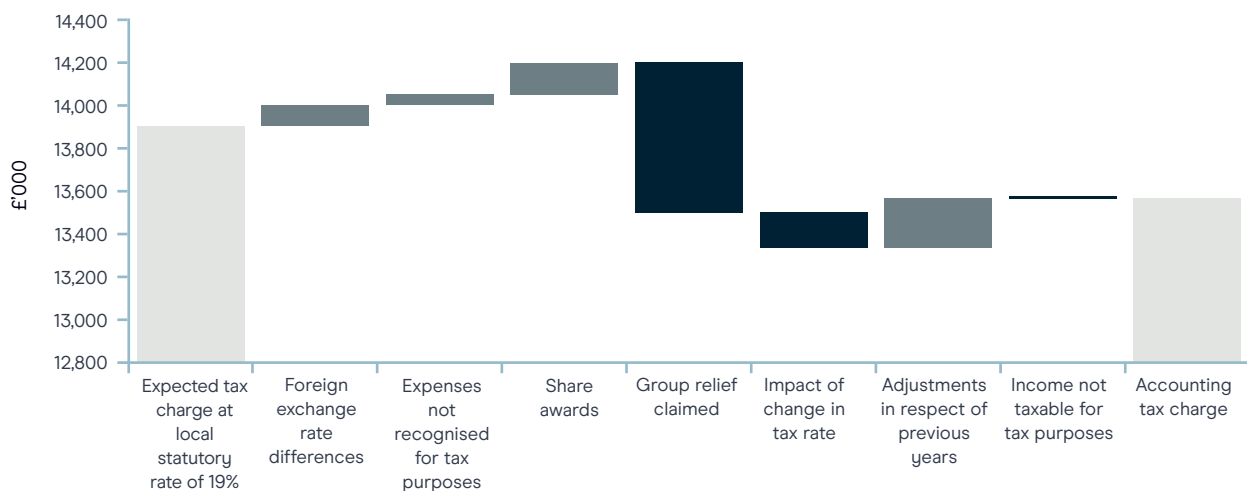
CMC Markets UK plc is exempt under s400 of the United Kingdom's Companies Act 2006 from preparing group financial statements because they have been included in the 2022 consolidated financial statements of CMC Markets plc, a company incorporated in the United Kingdom.

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

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

For the year ended 31 March 2022

	(£ '000)
CMC Markets UK plc Profit before tax	73,265
Expected tax charge at local statutory rate of 19%	13,920
Effect of:	
Foreign exchange rate differences	114
Expenses not recognised for tax purposes	64
Share awards	133
Group relief claimed	(734)
Impact of change in tax rate	(148)
Adjustments in respect of previous years	173
Income not taxable for tax purposes	(7)
Accounting tax charge	13,515



Independent auditors' report to the directors of CMC Markets plc

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

Opinion

In our opinion, CMC Markets plc's country-by-country information for the year ended 31 March 2022 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 March 2022 in the Country-by-Country Reporting Schedule.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

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

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's going concern assessments;
- Evaluation of management's financial forecasts and management's stress testing of liquidity and regulatory capital, including the severity of the stress scenarios and assumptions that were used; and
- Substantiation of liquid resources held by, and liquidity facilities available to the company and its subsidiaries.

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

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

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

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

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

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

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

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

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

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

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

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

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to laws and regulations issued by the Financial Conduct Authority ("FCA") (including the Listing Rules), UK tax legislation, and equivalent local laws and regulations applicable to other countries the company and its subsidiaries operates in, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as the Companies Act 2006 and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance. Audit procedures performed included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
 - Reviewing key correspondence with regulators, such as the FCA, in relation to the company and its subsidiaries' compliance with applicable regulations;
-

- Writing to external legal counsel to identify any instances of non-compliance with laws and regulations, and assessing their potential impact;
- Evaluation of the parent company's actions to address the unlawful dividends declared and review of the related disclosures made in the Directors' Report in the CMC Markets plc Annual Report and Financial Statements 2022;
- Identifying and testing what we considered to be higher risk manual journal entries, including backdated post close journals, journals created and approved by the same person, journals posted to unusual account combinations and journals posted by infrequent users; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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

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

Use of this report

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

The engagement partner responsible for this audit is Hamish Anderson.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date: 29 September 2022

CMC Markets plc

133 Houndsditch

London EC3A 7BX

United Kingdom

Tel +44 (0)20 7170 8200

Fax +44 (0)20 7170 8499

Email info@cmcmarkets.co.uk

www.cmcmarketsplc.com

Incorporated and registered in England and Wales under number 05145017