Principal Risks

Business Model Risk

The risk we face arising from the nature of our business and business model, including market, credit and liquidity risks, and capital adequacy adherence.

Risk appetite

In pursuit of our business goals, we have an appetite for running a moderate level of market risk to facilitate instant execution of client orders, while accepting that periodic client credit losses will occur in normal business activity. We maintain a measured approach to managing liquidity and regulatory capital risk and actively support opportunities to drive growth in our day-to-day operations.

Emerging and evolving risks

We monitor the emergence of significant events or topics which could, if unmanaged, have a material impact on our business. Such matters include the ongoing global political tensions (such as the ongoing conflicts in Ukraine and the Middle East), the pursuant humanitarian crises, trade wars, changes of government, political and legislative changes and any other matters which may lead to macro market movements or impact either IG or one of our vendors or counterparties. Where such events or topics emerge, as a matter of course we consider client margin requirements, market risk limits, broker positions, and cash and capital held at each individual entity to ensure we remain within our risk appetite as the external environment and risks we face change.

Risk Types	Mitigation and Controls
Market risk – trading book and non-trading book The risk of loss due to movements in market prices or interest rates arising from our net position in financial instruments.	▪ The market risk associated with OTC trading is mitigated at IG through the design of our business model. Client trading is internalised, so that only the hedging of residual exposures that exceed predefined Board-approved limits is required ▪ Additionally, our order execution system price improves client orders where the underlying market has moved against them while the order is being processed. We operate a real-time market position monitoring system ▪ Our scenario-based stress tests are performed on an hourly basis ▪ We have predetermined, Board-approved, market risk limits ▪ Our dynamic approach to limit management makes full use of highly liquid markets in core hours, with tighter limits in less liquid periods
Credit risk – client The risk that a client fails to meet their obligations to us, resulting in a financial loss.	▪ Our approach to setting client margin requirements is centred on protecting our clients from poor outcomes, taking into consideration underlying market volatility and liquidity, while simultaneously protecting IG from exposure to debt ▪ Client positions are automatically liquidated once they have insufficient margin on their account – this not only protects IG against debt, but importantly protects our clients ▪ Our client education offering provides information about robust risk management practices
Credit risk – financial institution The risk of loss due to the failure of a financial institution counterparty.	▪ We undertake credit reviews of financial institutional counterparties upon account opening, and update this periodically (or ad hoc following an event) ▪ Our credit exposure to each of our broking counterparties is actively managed in line with defined limits ▪ We perform daily monitoring of counterparties' creditworthiness
Liquidity The risk that we are unable to meet our financial obligations as they fall due.	▪ Active liquidity management within the Group is central to our approach, ensuring sufficient liquidity is in the right places at the right times ▪ We conduct monthly liquidity stress tests ▪ We have access to committed unsecured bank facilities and debt
Capital adequacy The risk that we hold insufficient capital to cover our risk exposures.	▪ We conduct daily monitoring of compliance with all regulatory capital requirements. With our ICARA (Internal Capital Adequacy and Risk Assessment), we conduct an annual capital and liquidity assessment including the application of a series of stress-testing scenarios, based against our financial projections, and approved by the Board

Principal Risks

Commercial Risk

The risk that our performance is affected by adverse market conditions, failure to adopt an effective business strategy, or competitors offering more attractive products or services.

Risk appetite

There is little appetite for activities that threaten efficient delivery of any core initiatives or that can diminish our reputation, although acceptance of some strategic risk is necessary to foster innovation.

Emerging and evolving risks

This financial year saw subdued economic growth initially, followed by a period of high volatility as financial markets responded to the US tariff announcements, which has continued to drive consumer demand for a divergent product suite. The Group, in turn, continues to focus on innovative and rapid product development to meet client demand for market leading trading and investment products, and to develop its business offering through both organic growth and acquisitions, as illustrated by the completion of the Freetrade transaction in April 2025.

Risk Types	Mitigation and Controls
Strategic delivery The risk that our competitive position weakens or that our profits are impacted due to the failure to adopt or implement an effective business strategy, including the risk of failing to appropriately integrate an acquisition.	▪ Reacting to sustainable growth opportunities in a timely manner ensuring we adapt our product to changing client demands in a rapidly evolving marketplace ▪ We are split into five regional divisions so that strategic decisions are made with relevance to the local customer base and can be implemented locally at pace ▪ Projects managed via a phased investment process, with regular review periods, to assess performance and determine if further investment is justified ▪ Regular strategy updates to the Board from the Executive Directors throughout the year detailing the strategic progress of the business
Financial market conditions The risk that our performance is affected by client sensitivity to adverse market conditions, making it harder to recruit new clients and reducing the willingness of existing clients to trade.	▪ Review of daily revenue, monthly financial information, KPIs and regular reforecasts of expected financial performance ▪ Forecasts used to determine actions necessary to manage performance and products in different regional divisions, with consideration given to changes in market conditions ▪ Regular updates to investors and market analysts to manage the impact of market conditions on performance expectations
Competitor We operate in a highly competitive environment and seek to mitigate competitor risk by maintaining a clear distinction in the market. This is achieved through compelling and innovative product development and quality of service, all while closely monitoring the activity and performance of our competitors.	▪ We put the client at the heart of our decision-making. We aim to deliver a product offering that remains attractive to clients, both existing and new, and is backed by strong technology and high quality service ▪ At the forefront of all we do is a focus on ethical and fair business practices. We believe this builds brand strength and customer loyalty
Dispute risk The Group may be exposed to disputes or become involved in litigation. Risks here are both financial (in terms of potential fines and the cost of external counsel) and reputational in the event that the case is lost.	▪ Our vendor management framework ensures that material contracts or amendments to existing contracts are reviewed by the IG Legal Team prior to signing to ensure contractual provisions are appropriately reviewed and negotiated as necessary ▪ For client complaints, second line compliance teams investigate and respond to complainants independently of the business and in line with local regulatory requirements ▪ We also make use of external counsel where appropriate such as for significant litigation

Principal Risks

Regulatory Environment Risk

The risk of enhanced regulatory scrutiny, intervention, enforcement, or risk that the legislative or regulatory environment in any of the jurisdictions which the Group currently operates in, or may wish to operate in, changes in a way that has an adverse effect on our business or operations, through reduction in revenue, increases in costs, or increases in capital and liquidity requirements.

Risk appetite
We have no appetite to breach financial services regulatory requirements and we strive for material compliance with applicable laws and regulations.

Emerging and evolving risks
The regulatory landscape continues to evolve, and we need to react and ensure adherence to incoming regulations in a timely manner. Less well-developed regulatory frameworks, posing heightened risk to our business, are actively monitored for any changes where we may need to adapt strategic rollouts. We continue to monitor global regulators' approach to crypto assets, as well as evolving regulatory frameworks in relation to ESG, to ensure that we continue to meet regulatory expectations.

Risk Types	Mitigation and Controls
Regulatory risk The risk that we are subject to enhanced regulatory scrutiny and therefore face a higher chance of investigation, enforcement or sanction by financial services regulators. This may be driven by internal factors, such as the strength of our control framework or our interpretation, awareness, understanding or implementation of relevant regulatory requirements. It may also be heightened by external factors, such as regulatory or political focus, broader sector scrutiny or the identification of emerging risks with firms in our sector.	▪ Governance and organisational structure designed to ensure sufficient local compliance expertise and commercial accountability for applying local regulatory standards and managing regulatory risk in each jurisdiction in which we operate ▪ Continuous monitoring of operations to ensure they adhere to regulatory requirements and expected standards ▪ Continuous review of all regulatory incidents and breaches with deep dives performed on common themes ▪ Policies and procedures are embedded across the Group with a regulatory compliant mindset
Regulatory change and litigation The risk of governments or regulators introducing legislation or new regulations and requirements in any of the jurisdictions in which we operate which could result in an adverse effect on our business or operations, through reduction in revenue, increases in costs or increases in capital and liquidity requirements. We are occasionally engaged in litigation to take appropriate action to defend our business. Please refer to page 145 for more detail.	▪ We foster strong relationships with key regulators with whom we actively seek to converse to keep abreast of, contribute to, and correctly implement regulatory changes ▪ We pay close regard to relevant public statements issued by regulators that may affect our industry ▪ The Board Risk Committee receives regular reports of current and emerging risks which timeline incoming, and potential incoming, changes
Tax change The risk of significant adverse changes in the way we are taxed. A prime example is the imposition of a financial transactions tax, which could severely impact the economics of trading, and developments in international tax law.	▪ We monitor developments in international tax laws to ensure continued compliance and ensure stakeholders are aware of any significant adverse changes that might impact us ▪ Where appropriate and possible, we collaborate with tax and regulatory authorities to provide input on tax policy, or changes in law ▪ Emerging risk: The UK government is consulting on reforms to the betting duty regime with the new rate applicable to IG expected to be significantly higher than the current 3% required on client spread betting losses. IG has met with HM Treasury and HMRC and submitted a written response, arguing that financial spread betting is fundamentally different from online gambling. The consultation outcome is expected by the October 2025 Budget, with any changes not coming into force until October 2027 at the earliest.

Principal Risks	Risk Types	Mitigation and Controls
Conduct and Operational Risk The risks that our conduct poses to the achievement of fair outcomes for consumers or the financial markets, and the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. **Risk appetite** Operational risk is present in the normal course of business, and it is not possible, or even desirable, to eliminate all risks inherent in our activities. We have no appetite for poor conduct-related events. **Emerging and evolving risks** The cyber threat landscape continues to evolve, with malicious actors and ransomware groups constantly changing and maturing their attack methods and targets. The incorporation of AI to improve efficiency and productivity, as well as to enhance quality and accuracy could result in threats to data security, ethical considerations and create scenarios that require legal and regulatory responses. We also consider the potential impact of transition and physical climate risks on the Group's risk profile, including potential impacts on business continuity. However, over the short to medium term these impacts are not assessed to be material.	**Platform availability and information security** The risk of data loss or that our operations are affected, or clients receive a degraded service or are unable to trade due to an operational outage or system limitations. Technology threats can evolve from poor internal practices and systems or from the continuously evolving cyber landscape.	▪ Maintenance of a 24/7 Incident Management function ▪ Security operations function with 24/7 strength-in-depth capabilities to monitor, prevent and triage cyber threats ▪ DOS mitigation services and 24/7 incident management capabilities ▪ Regular disaster-recovery capability testing ▪ Capacity stress testing ▪ Our Change Management and Quality Assurance functions undertake risk assessments, utilise defined maintenance windows and help deploy new products and services ▪ We invest in strength-in-depth capabilities to mitigate the ever-present and changing cyber threats ▪ AI controls ensure that any sensitive information is only used in private, paid for and licensed services so as not to be made public
	Financial crime The risk of failing to identify and report financial crime. Inadequate oversight and client due diligence can result in clients attempting to use us to commit fraud or launder money, third parties trying to access client or corporate funds, or employees misappropriating funds if an opportunity arose.	▪ A mature control framework for identifying and reporting on suspicious transactions, which is designed to protect the integrity of the financial markets and provide a stable and fair-trading environment for our clients ▪ Appropriate onboarding processes for different client types and vendors with enhanced due diligence and monitoring processes where appropriate ▪ Segregated duties within processes to ensure adequate oversight and control over internal fraud
	Trading The risk related to any issues around our internal hedging, client trading, and process for corporate actions, dividends, and stock transfers.	▪ A 24/7 approach with trading desks located in London, Frankfurt and Australia providing 24-hour coverage. We apply Board-approved market risk limits and operate under a robust control framework to mitigate our exposure to loss through operational risk events which may impact trading. Our order execution processes not only comply with regulatory requirements, but go over and above in filling client orders, on an asymmetrical basis, to provide best execution

Principal Risks	Risk Types	Mitigation and Controls
Conduct and Operational Risk continued	**Client life cycle management** This is the risk related to issues in the client life cycle spanning the customer agreement, account set-up, interactions, and appropriateness of account types and product offerings.	▪ Bespoke onboarding processes ensure we only offer products and services to clients with sufficient means and a clear understanding of the risks involved. Regular assessments of services identified as being critical to clients to ensure their operational resiliency. Single points of failure identified, and contingency plans set in place ▪ Adherence to relevant regulations which protect clients such as consumer duty, best execution, client money and asset regulations, operational resilience and more, alongside our corporate value of "champion the client", ensures clients are at the forefront of all that we do ▪ The use of KPIs to monitor levels of service provided and act where needed ▪ We offer a plethora of high-quality, easily accessible educational material to ensure clients can improve their understanding of our products and the financial markets – supporting their pursuit of financial freedom ▪ We monitor for client behaviours which may indicate levels of vulnerability and proactively engage with them to minimise poor outcomes in accordance with applicable regulatory requirements
	Financial integrity and statutory reporting issues The risk of production issues which could lead to untimely, incomplete, or inaccurate Financial Statements, transaction reporting, tax filing, regulatory capital, and forecasting.	▪ Our operational risk framework provides the base from which our robust control environment reduces the possibility of operational risk events manifesting ▪ Our automated systems enable us to flex with client trading volumes ▪ Dedicated specialist steering committees manage and oversee niche areas, such as transaction reporting, financial crime, financial reporting and forecasting, our Internal ICARA and Annual Report production

Looking ahead

We formally review the effectiveness of our Risk Management Framework annually (as documented on page 41 of this report). We also monitor its effectiveness on an ongoing basis to ensure it remains appropriate for the nature, scale and complexity of the Group's business and identify any areas for potential enhancement.

Specific areas of development we plan to focus on in the new financial year include:

01. Continued development of the Group's financial risk framework as we allow greater flexibility in our intraday market risk management (including the introduction of a new Value at Risk framework), and ensure appropriate credit risk diversification

02. Continued focus on materiality and accountability across the three lines of defence

03. Ensuring that the framework remains effective and agile as we deliver on our strategic priorities

04. Embedding our risk culture, processes and practices across new business divisions and acquisitions

05. Improving understanding and controls around AI technology and digital assets