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IG GROUP HOLDINGS PLC

Response to ESMA and FCA announcements

IG Group Holdings plc (“IG”, “the Company”), a global leader in online trading, notes that the European Securities and Markets Authority (ESMA) and the Financial Conduct Authority (FCA) have issued statements announcing measures on their work in relation to the provision of contracts for difference (CFDs) and binary options to retail clients.

IG is supportive of the objectives of regulators to improve client outcomes in the industry, and the Company supports ESMA in its efforts to enhance consumer protection and achieve harmonisation of regulation across the EU.

These temporary intervention measures are being taken pursuant to ESMA’s new product intervention power under MiFIR. In accordance with MiFIR, ESMA can only introduce temporary intervention measures on a three monthly basis. Before the end of the three months, ESMA will consider the need to extend the intervention measures for a further three months. The FCA expects to consult on whether to apply these measures on a permanent basis.

The measures are substantially unchanged from those proposed by ESMA on 15 December 2017.

The restrictions to be applied to CFDs are:

- Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying asset:
 - 30:1 for major currency pairs;
 - 20:1 for non-major currency pairs, gold and major equity indices;
 - 10:1 for commodities other than gold and non-major equity indices;
 - 5:1 for individual equities and other reference values;
 - 2:1 for cryptocurrencies;
- A margin close-out rule on a per account basis;
- Negative balance protection on a per account basis;
- A restriction on the incentives offered to trade CFDs;
- A standardised risk warning.

ESMA has also agreed a prohibition on the marketing, distribution or sale of binary options to retail clients.

IG is disappointed that ESMA has chosen to proceed with its proposal to impose disproportionate leverage restrictions which will unduly restrict consumer choice, and risk pushing retail clients to providers based outside of the EU or to use other products which allow the leverage clients seek. This may result in poor client outcomes.

The measures announced by ESMA only relate to retail clients. IG's client base is, and has always been, dominated by sophisticated traders. Despite there currently being almost no benefit for a client to be categorised as an elective professional, the small number of clients who have been categorised as professional has continued to grow. Clients now categorised as professional generated over 30% of the Company's UK and EU revenue in the three month period to 26 March, 2018. The Company believes that clients who generate over half of its current UK and EU revenue will be classified as elective professional.

In its announcement on 18 December 2017, the Company stated that it believed that any reduction in historic annual revenue from the implementation of the measures being considered by ESMA, taking into account the actions being taken by the business to mitigate the impact, would have been less than 10% including the impact from lower binary revenue. Applying the same logic to the revenue in the first nine months of FY18, the Company believes that the impact of the measures that ESMA will now implement would have been a reduction of approximately 10%. The Company does not believe there will be any financial impact from the implementation of the measures in the current financial year, FY18.

Outlook

The Company is pleased that the uncertainty around the nature and extent of regulatory change in the UK and EU affecting the industry has been removed by this announcement. IG has delivered a sustainable business for more than 40 years by placing good client outcomes at the heart of everything it does. IG will continue to lead the way in the industry, and the Company is better placed than most, if not all, providers in the industry to respond to regulatory change.

The Company expects that its revenue in FY19 will be lower than that expected in FY18, primarily reflecting the impact of the regulatory changes in the UK and EU. In addition, as previously set out, the Company's revenue in FY18 year to date has benefitted from the volume of client trading in cryptocurrencies which is unlikely to be as strong in the next financial year.

Demand for the products and services offered by IG is strong, and growing and the Company expects to return to growth after FY19. The Company will continue with the investments that it is making to deliver future growth and to benefit from the underlying strong demand for its products across the world. The Company will discuss its opportunities for growth, including in new geographies and from new products, and the factors that it believes result in sustainable revenue and attractive operating margins, at its Capital Markets Day on 23 May 2018.

There will be a call today for analysts and investors at 11:30 am (UK time). The call can be accessed by dialling +44 203 059 5868.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under Article 17 of the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

About IG

IG empowers informed, decisive, adventurous people to access opportunities in over 15,000 financial markets. With a strong focus on innovation and technology, the company puts client needs at the heart of everything it does.

IG's vision is to be a global leader in retail trading and investments. Established in 1974 as the world's first financial derivatives firm, it continued leading the way by launching the world's first online and iPhone trading services.

IG is now an award-winning, multi-platform trading company, the world's No.1 provider of CFDs* and a global leader in forex. It provides leveraged services with the option of limited-risk guarantees, and offers an execution-only share dealing service in the UK, Australia, Germany, France, Ireland, Austria and the Netherlands. IG has recently launched a range of affordable, fully managed investment portfolios, to provide a comprehensive offering to investors and active traders.

It is a member of the FTSE 250, with offices across Europe, including a Swiss bank, Africa, Asia-Pacific, the Middle East and the US, where it offers on-exchange limited risk derivatives via the Nadex brand.

*Based on revenue excluding FX (from published financial statements, February 2018)