

## SECTION 172 (1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our workforce, our customers, our suppliers and our relationship with regulators. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. We review financial and operational performance, customer-related matters and legal and regulatory compliance at every Board meeting. We also review other areas over the course of the financial year including the Company's business strategy; key risks (including risks relating to Brexit and Cyber Risk) the Company's risk appetite, operational resilience and workforce matters (including diversity). This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The Company's key stakeholders are its customers, regulators and workforce. Our suppliers are also important stakeholders of the Company. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board recognises that building strong relationships with our stakeholders will help deliver the Company's strategy in line with our long-term values and operate the business in a sustainable way. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the London Stock Exchange Group (LSEG) means that sometimes our stakeholder engagement will take place at an operational or Group level. For details on some of the engagement that takes place with the Company's stakeholders at a LSEG Group level please see pages 51 to 52 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2019.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, customer engagement activities. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the company.

We set out below some examples of how we have had regard to the matters set out in section 172(1) (a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.



## **Annual review of budget and business plan**

The Board carries out a review of the Company's budget on an annual basis. This includes approving the business plan for the following three years. In 2019, the Board's review included an evaluation of the progress the Company had made against strategic priorities and the Company's long-term strategic goals. The review also focused on investment decisions around the Company's control environment, internally driven resilience activity and regulatory requirements.

The review is carried out in parallel to the LSEG Group's divisional budget process. All financials are aligned to the divisional numbers presented to the LSEG Group Board and to that of MTS S.p.A., as part of the consolidated results of the MTS group of companies.

In making its decision to approve the business plan and future strategy of the Company, the Board also considered amongst other things, its impact on the long-term position of the Company and its reputation as well as feedback from engagement exercises with the workforce and dialogues with customers and regulators.

### **Customers**

Our engagement with customers takes a variety of different forms, we engage with customers at customer working groups, conferences and round table events. We monitor customer feedback to help us establish our customers' views on the Company's products and services as ways we can improve our offering. We believe that aligning our strategy, services and products to the needs and interests of our customers is central to supporting long-term value creation, enabling innovation.

### **Suppliers**

Our Company relies on external and internal suppliers for certain services which are required to maintain the efficiency and resilience of the Company's operations. The Company's management team holds regular meetings with its suppliers, which allow for open discussions and a partnership approach, in order to identify and mitigate any risks to the key service provisions of the Company. At those meetings, service level agreements, KPIs are discussed and feedback is exchanged. We believe that having solid long-term relationships is essential to continue to provide our solutions to customers and maintain operational resiliency.

## **Capital Allocation**

In 2019 the Board recommended a final ordinary dividend of £7.28m on the year ended 2018 profit and an interim dividend of £15m to its shareholder, MTS S.p.A. In making this decision the Board considered a range of factors. These included the long-term viability of the Company; its expected cash flow and financing requirements and the ongoing need for strategic investment in its business and workforce.

## **Brexit**

During 2019, as a consequence of the uncertainty stemming from the risk of an exit from the EU without an adequate transition deal or equivalent decision (Hard Brexit), the Company sold the going concern related to two MTFs, namely EBM (European Bonds Markets) and MTS Cash Domestic Markets (MTFs), to its sole shareholder MTS S.p.A.

The transfer of the MTFs allows for the continuation of the operation of the MTFs from within EU, thereby minimising the impact that a Hard Brexit would have had on the Company's activities.

In reaching this decision, the Board considered the impact that a Hard Brexit scenario would have had on DMOs (domestic market obligation), customers and third-parties, and concluded that it was in the best interests of the Company, its customers and MTS S.p.A.. Management is monitoring the situation for any further developments.