

8. MANAGING RISK

The directors believe that robust risk management is a fundamental part of ICAP's business. The significant risks of the Group are continually monitored, assessed and managed at the relevant level.

The Group has classified its exposure into eight risk types: operational, credit, market, liquidity, financial, regulatory, reputational and strategic.

As a broker, intermediating flow between trading counterparties, the Group does not take proprietary risk positions and is therefore not structurally exposed to either significant market price or related credit risk. The principal risks which it identified and for which it prepared have proven to be the ones it faced during the worst dislocation of financial markets in recent years. The effective management of these risks resulted in ICAP suffering no significant loss during this exceptional period.

While ICAP's approach to risk has been proven over the past 18 months, we nevertheless constantly seek to improve the maturity, robustness and sustainability of our Group-wide risk management framework and to promote enhanced risk management discipline across all businesses and supporting functions.



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