

4. DIVERSITY OF OUR BUSINESS

Our geographic regions

ICAP's businesses are distributed across more than 50 locations in 32 countries worldwide. We manage our business across three main regions

- Europe, Middle East and Africa (EMEA)
- The Americas
- Asia Pacific

ICAP has a strong presence in all major financial centres in EMEA, the Americas and Asia Pacific. Our largest offices are in London and New York and we have 15 offices in Asia Pacific, including Singapore, Hong Kong and Tokyo. We recently expanded our Latin American operations into Brazil.

Our divisions

Our business is organised across three divisions

- Voice broking
- Electronic broking
- Information

Voice broking

Voice brokers play an important role in many of the markets in which ICAP is active. In markets where there is less liquidity, voice brokers work with their customers to match buyers and sellers and facilitate price discovery. This is particularly important in new, innovative markets.

Electronic broking

As markets become more liquid and products become more standardised they are increasingly traded on electronic broking platforms. ICAP's global network, of which the largest platforms are EBS for spot FX and BrokerTec for fixed income products, is highly scalable and offers connectivity to over 7,400 workstations and 1,500 algorithmic trading systems worldwide. Increasingly our networks are integrated with our customers' own post-trade networks. ICAP is a leading provider of post-trade services through our subsidiaries, Traiana and Reset, and our associate TriOptima.

Information

ICAP is the source of global market information and research for professionals in the international financial markets. Our market data offering includes real-time, end of day and historical market data from our electronic broking and post-trade platforms.

Our key markets

ICAP is active in a broad range of markets, including interest rates, credit, commodities, FX, equities, emerging markets, information and post-trade services. The recent financial crisis has resulted in severe macroeconomic and financial market dislocations, and this has impacted these markets to varying degrees.

Overall, reduction in risk capital, increased regulatory oversight and the increased demand for improved operational and capital efficiency in global financial markets provide attractive opportunities for ICAP.



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Long-term trends continue to favour ICAP's business

- instability in currencies, interest rate and credit markets leading to price volatility and forming the basis for further growth in interest rate and credit derivatives, FX, commodities and listed financial markets;
- the overall commitment of bank and hedge fund capital to trading in these markets;
- increasing use of derivatives to efficiently manage and hedge risk exposure to changes in interest and FX rates, commodity and other price fluctuations;
- the substantial increase in government and corporate bond issuance as a result of liquidity concerns in global markets;
- re-allocation of capital to commoditised "flow" markets and the structural shift away from complex structured products;
- increased regulatory pressure on financial market participants to overhaul market infrastructure, reducing systemic and operational risk by improving back office procedures and introducing centralised clearing of OTC traded products;
- increased regulatory pressure for electronic trading, best execution and price transparency, with the associated audit benefits;
- continued liberalisation of emerging markets and development of on and offshore interest rate, FX and credit markets in these countries; and
- overall demographic shift towards emerging markets.