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London Stock Exchange Group

Remuneration Policy Report supplement 2015

Within this supplement we set out the full remuneration policy as approved at our 2014 Annual General Meeting (AGM).

This policy remains in place until a new policy is presented and approved by shareholders, which would normally be three years. Accordingly the expectation is that this policy will remain in place until the 2017 AGM.

Policies for the following are set out in this supplement:

FIXED COMPONENTS	VARIABLE COMPONENTS	VARIABLE COMPONENTS
– Base salary – Benefits – Retirement benefits	– Annual bonus – Long Term Incentive Plan (LTIP) 2014 – Share ownership	– Notes to the Policy table – Recruitment policy – Service contracts and payments for departing Directors – Detailed share plan provisions – Remuneration policy for other employees and consideration of wider employee remuneration – Policy for Non-Executive Directors – Amendments to the Remuneration Policy for Executive Directors – Legacy arrangements

Remuneration Policy Report

This Remuneration Policy Report was subject to a binding shareholder vote at the 2014 AGM and was approved with 95 per cent of the votes. Accordingly, it had binding effect on the Company from that date. There have been no changes to the Remuneration Policy since its approval by shareholders.

Current policy table for Executive Directors
A summary of the key elements of remuneration for Executive Directors is shown in the table on this and the following pages.

This Remuneration Policy Report determined by the Group's Remuneration Committee ("the Committee"), was approved by shareholders at the 2014 AGM and was effective from the date of its approval at that meeting.

The Group must attract and retain a high calibre senior management team to ensure it is in a position to deliver its business plans and maximise returns for shareholders. The Group is committed to paying for performance, rewarding the senior management team only when its goals are achieved. Each year the remuneration framework and the packages of the Executive Directors and members of the Executive Committee are reviewed by the Committee to ensure that they continue to achieve this objective. In doing so, the Committee takes into account multiple reference points when setting pay including companies in the FTSE 31-100, the broader Financial Services sector as well as other international exchanges.

The Committee has taken the following areas into account in establishing the Group remuneration policy:

– a focus on shareholder value
– the continued expansion of the Group beyond the UK
– the need to attract and retain senior management from the international financial sector which requires remuneration packages with a sufficient variable pay component
– the Group's intent to be mindful of best practice as expressed by institutional shareholders and their representative bodies
– the relatively higher profile of the Group compared with many other quoted companies with similar market capitalisation

ELEMENT	SALARY
PURPOSE AND LINK TO STRATEGY	Provides a core element of remuneration which reflects the responsibilities of the role. Enables the recruitment and retention of individuals of the calibre required to execute the Group's strategy.
OPERATION	Base salaries are normally reviewed annually by taking into account a range of factors, including: – size and scope of the role – skills and experience of the individual – market competitiveness/relative positioning – performance of the Group and of the individual – wider market and economic conditions – level of increases being made across the Group Any changes are normally effective from 1 April each year.
MAXIMUM OPPORTUNITY	There is no defined maximum salary. Increases are determined based on the factors described in the Operation column. The Committee's normal approach is to initially consider increases within the range awarded to other employees. More significant increases may be awarded in certain circumstances, such as where there is a significant change in the scale, scope or responsibility of a role, development within a role and/or significant market movement. The annual base salaries in CY2015 and CY2016 for each Executive Director are set out in the Annual Report on Remuneration.
PERFORMANCE MEASURES	n/a

ELEMENT	BENEFITS	RETIREMENT BENEFITS
PURPOSE AND LINK TO STRATEGY	Provide local market competitive benefits and support the well-being of employees.	Provide Executives with retirement benefits. Support recruitment and retention of high-calibre people.
OPERATION	A flexible benefits plan is offered, in which individuals have certain core benefits (such as private medical, life assurance, income protection and, additionally in Italy only, disability, accident, car, fuel allowance and luncheon vouchers) together with (in the UK) a taxable cash allowance which can be spent on elective benefits (such as additional medical, life or dental cover). A chauffeur-driven motor car may also be provided for Executive Directors where appropriate. Due to the high profile of the Group, the Committee reserves the right to provide our Executives with the appropriate level of security arrangements to allow them to perform their duties in the safest possible conditions. Benefits are reviewed periodically to ensure they remain affordable and competitive. The Committee retains the discretion to provide reasonable additional benefits as appropriate – for example, relocation and other allowances including expatriate assistance, housing and school fees for a finite period, tax preparation and filing assistance and flights back to the home country for the Executive and his family. Repatriation costs are met by the Company if employment is terminated by the Company, other than for just cause. Where necessary any benefits may be grossed up for taxes. Executives are eligible to participate in the Group's HMRC-approved Save As You Earn Option Scheme (or international equivalent) on the same basis as other employees. Executive Directors are covered by the Directors' and Officers' insurance and indemnification.	Provision of annual pension allowance, invested in the Company's defined contribution plan or taken as a cash allowance. In certain jurisdictions, more bespoke pension arrangements may be provided. In such circumstances, the Committee will give appropriate consideration to local employment legislation, market practices and the cost of the arrangement.
MAXIMUM OPPORTUNITY	There is no defined maximum. Benefits plans are set at (what are in the Committee's opinion) reasonable levels in order to be market competitive for their local jurisdiction and are dependent on individual circumstances. Participation in the Save As You Earn Option Scheme (or international equivalent) is capped at the same level as all other participants, which is determined by the Company within the parameters of applicable legislation.	The maximum annual pension contribution/cash allowance is 25 per cent of salary (except where determined by local market practice). In Italy, Mr Jerusalmi accrues mandatory state pension (INPS) benefits which are calculated on salary, benefits and annual bonus. Actual benefit due at retirement is set out by the applicable Italian legislation in force from time to time. Under the Italian Trattamento di Fine Rapporto (TFR), he receives contributions which are funded by the Group at a rate fixed by local law and which are paid to Mr Jerusalmi's private pension plan. TFR is calculated on salary, capped benefits, annual bonus and LTIP.
PERFORMANCE MEASURES	n/a	n/a

ELEMENT	ANNUAL BONUS	LTIP (Long Term Incentive Plan) 2014	SHARE OWNERSHIP
PURPOSE AND LINK TO STRATEGY	Rewards annual performance against challenging financial, strategic and individual targets linked to Group strategy. Deferral reinforces retention and enhances alignment with shareholders by encouraging longer-term focus and sustainable performance.	Incentivises performance over the longer term through the award of performance related shares. Aligns reward with long-term, sustainable Group performance and a focus on shareholder value.	Ensures alignment with shareholders' interests.
OPERATION	The Group operates a Group-wide bonus pool which is≈funded based on the achievement of financial and strategic goals of the Group. Allocations to individual Executive Directors are made from this pool based on the Committee's assessment of their individual performance, taking into account the Group's financial and strategic performance and the achievement of any individual objectives related to their role. Performance targets are reviewed and set by the Committee at the beginning of each performance year. Awards are determined by the Committee after the year end based upon the actual performance against these targets. The Committee applies judgement where necessary to ensure approved pay-out levels are reflective of actual, overall performance. – 50 per cent of the annual bonus will be subject to mandatory deferral, normally for a period of two years – Until the minimum shareholding requirement (see next column) is reached, bonus deferral will be 100 per cent into shares. Once the level of minimum shareholding has been reached, individuals will be able to defer 100 per cent into shares, 50 per cent into shares/50 per cent into cash or 100 per cent into cash – Dividends (or equivalents) may be paid in respect of deferred shares on vesting – Deferred awards are subject to malus provisions as described below. Paid bonuses and vested awards are subject to clawback as described below	Under the LTIP 2014, which was approved by shareholders at the 2014 AGM, awards of shares (or equivalent) are granted annually subject to performance conditions. Awards normally vest subject to performance targets assessed over a performance period, normally of at least three financial years. The Committee has discretion to set different performance periods if it considers them to be appropriate. The Committee shall determine the extent to which the performance measures have been met. The Committee may make adjustments to performance targets if an event occurs that the Committee determines that an adjustment is appropriate. The performance targets will be at least as challenging as the ones originally set. Dividends (or equivalents) may be paid on vesting. Unvested awards are subject to a malus provision and vested awards are subject to clawback, as described below. Dividends (or equivalents) may be paid on vesting. Unvested awards are subject to a malus provision and vested awards are subject to clawback, as described below. Details on the impact of the financial year end change on the proposed LTIP can be found on page 77 of the 2015 Annual Report.	Executive Directors are expected to build up share ownership over a period of five years and maintain holdings of at least 2x base salary.
MAXIMUM OPPORTUNITY	Maximum annual bonus opportunity of 225 per cent of salary for CEO and 200 per cent of salary for other Executive Directors for maximum performance.	Although there is a facility for maximum awards of up to 400 per cent of salary under the plan rules in exceptional cases, it is expected that awards under this plan will normally be up to 300 per cent of salary.	
PERFORMANCE MEASURES	Based on a combination of financial (e.g. adjusted operating profit), strategic and individual performance targets. Strategic objectives include key targets under the strategic pillars of building best in class capabilities, creating a global business and developing opportunities. These strategic objectives also impact financial results in the medium term. The Committee will set the detail and mix of performance measures, targets and weighting based on the strategic objectives at the start of each year. At least 50 per cent of the targets relating to the annual bonus pool in any year will be subject to financial measures. No bonuses are paid for below threshold performance. The Committee may award any amount between zero and 100 per cent of the maximum opportunity. The performance measures are applied in the performance year only.	The Committee determines performance targets each year to ensure that the targets are stretching and support value creation for shareholders while remaining motivational for management. Vesting of awards is subject to achievement of total shareholder return and financial performance targets. For initial grants under this new LTIP, awards are subject to absolute TSR and adjusted EPS measures. Measures will normally be equally weighted but in any event, any total shareholder return element will represent at least 50 per cent of the award. For each performance element, achievement of the threshold performance level will result in no more than 25 per cent of the maximum award paying out. For achievement of the maximum performance level, 100 per cent of the maximum pays out. Normally, there is straight-line vesting between these points.	

Notes to the Policy Table

Selection of performance measures

Performance targets are set by the Committee to be both stretching and achievable, taking into account the Group's strategic priorities and the economic landscape.

The performance measures that are used for our annual bonus and LTIP have been chosen to support the Group's strategy.

For the annual bonus plan, the Committee continues to believe that it is appropriate to use a balance between financial targets, strategic objectives and individual performance objectives.

The Committee considers that the measures to be used for the LTIP, i.e. TSR and adjusted EPS, are currently the most appropriate measures of long-term performance for the Group.

Malus and clawback provisions

A malus provision applies to awards granted under the new LTIP, and to unvested awards under the Deferred Bonus Plan. This would allow the Committee in its absolute discretion to determine, at any time prior to the vesting of an award, to reduce, cancel or impose further conditions in certain circumstances, including (i) where there is a material misstatement or restatement of the results of the Group in its audited accounts, (ii) the negligence, fraud or serious misconduct of the individual which results in significant reputational damage to the Group or which has a material adverse effect on the financial position of the Group or the business opportunities of the Group, or (iii) if the individual is a member of a company in the Group which suffers significant reputational damage or material adverse effect on its financial position or on its business opportunities.

A clawback provision applies to vested awards granted under the new LTIP, vested awards under the Deferred Bonus Plan and annual bonuses paid previously. This would allow the Committee in its absolute discretion to claw back from individuals some or all of the vested awards or paid bonus in certain circumstances, including (i) if there is a material misstatement or restatement of the results of the Group in its audited accounts, (ii) the negligence, fraud or serious misconduct of the individual which results in significant reputational damage to the Group or a material adverse effect on the financial position of the Group or the business opportunities of the Group, or (iii) if the individual is a member of a company in the Group which suffers significant reputational damage or material adverse effect on its financial position or on its business opportunities. Clawback will normally apply for a period of three years following vesting of shares and/or payment of bonus, unless the Committee determines otherwise.

Recruitment policy

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre required by the Group. Consistent with the UK Corporate Governance Code, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- The ongoing remuneration package would normally include the key elements on the same terms as those set out in the policy table for Executive Directors
- The maximum level of variable remuneration which may be awarded on recruitment (excluding any buy-outs referred to below) is 625 per cent of salary. Incentive awards made in the first year of appointment may be subject to different performance measures and targets appropriate to the newly recruited Executive Director
- Recognising that the Group competes for talent in the international financial services sector, on an exceptional basis, the Committee has the ability to include other elements of pay which it feels are appropriate taking into account the specific commercial circumstances (e.g. for an interim appointment). However, this would remain subject to the limit on variable remuneration set out above. The rationale for any such component would be appropriately disclosed
- In addition, where an individual forfeits arrangements as a result of appointment, the Committee may offer a buy-out, in such form as the Committee considers appropriate taking into account all relevant factors which may include the vehicle, expected value and timing of forfeited opportunities. Any such buy-out will be limited to the commercial value of payments and awards forfeited by the individual
- Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide reasonable relocation assistance and other allowances including expatriate assistance. Global relocation support (normally for up to five years) and any associated costs or benefits (including but not limited to housing, school fees, tax preparation and filing assistance and flights back to the home country) may also be provided if business needs require it. Should the Executive's employment be terminated without cause by the Group, repatriation costs will be met by the Group
- In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards
- The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors (see page 79 of the 2015 Annual Report)

Service contracts and payments for departing Directors

Policy in respect of new appointments

The Group's current policy is that Executive Directors' service agreements should have notice periods that are no longer than 12 months. The Group may terminate an Executive Director's service agreement by making a payment in lieu of notice of a sum equal to 12 months' salary, pension, flexible benefits allowance, life and medical insurance (but excluding bonus and share incentives) plus any accrued unused holiday entitlement. Consideration will be given to appropriate mitigation terms to reduce payments in lieu of notice made on termination in the event of the Executive Director commencing alternative employment, being appointed as a Non-Executive Director or providing services pursuant to a consultancy agreement in the 12 months following the Executive Director's departure.

The lawful termination mechanisms described above are without prejudice to the Group's ability in appropriate circumstances to terminate in breach of the notice period referred to above, and thereby to be liable for damages to the Executive Director. Liquidated damages clauses are not used. The Group may pay the Executive Director's reasonable legal fees for receiving advice in connection with the termination of their employment.

In the event of termination by the Group, each Executive Director may have an entitlement to compensation in respect of his statutory rights under employment protection legislation in the UK and potentially elsewhere. Directors' and Officers' liability insurance and an indemnity to the fullest extent permitted by the law and the Group's Articles of Association are provided to the Executive Directors for the duration of their employment and for a minimum of seven years following termination.

The Committee considers that this is consistent with current best practice and this approach will generally be adopted for new appointments. Where appropriate and when recruiting non-UK based Directors, the Committee may agree different terms based on local legal requirements or market practice.

Treatment of variable incentives

ANNUAL BONUS	Individuals may be considered for an annual bonus in respect of the period prior to cessation. Any award would be at the discretion of the Committee, subject to the Executive Director's performance and period of employment.
DEFERRED BONUS PLAN 2014	For good leavers, awards vest at the normal vesting date, although the Committee may determine that awards vest on cessation of employment. The award will usually vest in full or on a prorated basis at the Committee's discretion. Good leavers are those who cease to be an employee of a member of the Group by reason of death, injury, disability, ill-health, redundancy, the sale of the individual's employing business or the transfer of the Company out of the Group, or any other reason which the Committee decides in its discretion, having regard to a range of relevant factors including the Executive Director's performance, length of service and circumstances of their departure. Where an individual is not considered to be a good leaver, unvested awards will lapse. Where an individual is summarily dismissed, all his awards will lapse. Deferred awards are subject to malus and vested awards are subject to clawback as detailed on the previous page.
LONG-TERM INCENTIVE PLAN 2014	For good leavers, awards will normally vest at the normal vesting date and following the end of the performance period, unless the Committee determines that awards should vest following cessation of employment. Vesting will be subject to performance and unless the Committee determines otherwise (or that another basis of reduction is appropriate) prorated for time in employment. Good leavers are those who cease to be an employee of a member of the Group by reason of death, injury, disability, ill-health, redundancy, and the sale of the individual's employing business or transfer of the Company out of the Group, or any other reason which the Committee decides in its discretion, having regard to a range of relevant factors including the Executive Director's performance, length of service and circumstances of their departure. Where an individual is not considered to be a good leaver, unvested awards will lapse. Unvested awards are subject to malus and vested awards are subject to clawback as detailed on the previous page.

Detailed share plan provisions

Share awards are subject to the terms of the relevant plan rules under which the award has been granted. The Committee may adjust or amend awards only in accordance with the provisions of the plan rules. This includes making adjustments to awards to reflect certain corporate events, including a variation in the Company's share capital, a demerger or a special dividend.

In change of control circumstances, all LTIP awards will normally vest on an accelerated basis subject to the extent that the performance conditions are satisfied, and, unless the Committee determines otherwise, time prorating. Deferred Bonus awards will normally vest in full. The Committee may also allow some or all of an award to be exchanged if not yet vested.

Individual terms

Xavier Rolet entered into a service agreement with the Group[1] on 25 February 2009 and was appointed with effect from 16 March 2009. Xavier Rolet's service agreement can be terminated by either party giving not less than 12 months' notice. Alternatively, the Group may terminate the contract by making a payment in lieu of notice of a sum equal to 12 months' salary, pension, flexible benefits allowance, life and private medical insurance (but excluding bonus and share incentives) paid in a lump sum or, at the Committee's absolute discretion, paid in 12 equal monthly instalments from the date of termination of the employment. Alternatively, the Group may in its discretion continue to provide pension, life and private medical insurance for the 12 months following termination. If the payment is made in instalments and Mr Rolet commences alternative employment, is appointed as a Non-Executive Director or provides services pursuant to a consultancy agreement in the relevant period (of 12 months) following his departure from the Group, the instalments will be reduced by one-twelfth of the annual remuneration earned from the alternative employment, directorship or consultancy. On termination (other than by reason of summary dismissal) Mr Rolet will be eligible to receive a pro-rata bonus for the year in which his employment is terminated subject to company and individual performance.

David Warren entered into a service agreement with the Group[1] on 11 June 2012 and was appointed with effect from 2 July 2012. David Warren's service agreement may be terminated by either party giving at least 12 months' notice. Alternatively, the Group may terminate the contract by payment in lieu of notice of a sum equal to 12 months' salary, pension, flexible benefits allowance, life and private medical insurance (but excluding bonus and share incentives). Any payment in lieu of notice will be paid in 12 equal monthly instalments from the date of termination of the employment. Alternatively, the Group may in its discretion continue to provide pension and life and private medical insurance for the 12 months following termination.

Should Mr Warren commence alternative employment, be appointed as a Non-Executive Director or provide services pursuant to a consultancy agreement in the relevant period (of 12 months) following his departure from the Group, the instalments will be reduced by one-twelfth of the annual remuneration earned from the alternative employment, directorship or consultancy. Payments of the instalments may be required to be deferred until six months after termination by US tax rules applying to Mr Warren. To the extent that any payment or benefits payable to Mr Warren under his service agreement or under any bonus or share incentive plan would be subject to US excise tax, the payments and benefits may be reduced if this would result in Mr Warren receiving a greater after tax amount than if the benefits were not reduced. On termination (other than by reason of summary dismissal) Mr Warren will be eligible to receive a pro-rata bonus for the year in which his employment is terminated subject to company and individual performance.

Raffaele Jerusalmi entered into a service agreement with Borsa Italiana on 1 October 2001, amended on 3 May 2011, and a service agreement with LSEG Holdings (Italy) on 3 May 2011, which reflects his period of continuous service from 1 October 2001. On 1 April 2013, Raffaele Jerusalmi's employment contract transferred from LSEG Holdings (Italy) to LSEG Holdings Italia S.p.A. Raffaele Jerusalmi's employment contracts with Borsa Italiana and LSEG Holdings Italia S.p.A. expressly state that no collective bargaining agreements apply to his employment and, accordingly, the terms applying to the termination of his employment are governed by Italian law. If Raffaele Jerusalmi is dismissed, his notice period will be equal to eight months based on continuous service since 1 October 2001 until 1 October 2016 and equal to nine months from 2 October 2016 onwards. If Raffaele Jerusalmi resigns, he is required to give three months' notice. On termination of either employment for any reason, Raffaele Jerusalmi is entitled to severance payments under Italian law equal to: (i) Trattamento di Fine Rapporto (TFR) which Raffaele Jerusalmi has elected to transfer to his private pension plan on a monthly basis since August 2007. He will therefore not be entitled to further TFR benefits post-employment. The TFR contributions currently equate to 7.4 per cent (including solidarity tax at the current rate of 0.49 per cent, which does not count towards Raffaele Jerusalmi's contributions to his private pension plan) of base salary, benefits, annual bonus and LTIP paid to Raffaele Jerusalmi during his employment; (ii) prorated supplementary monthly payments (the annual salary is normally paid in 12 instalments plus two supplementary monthly payments); and (iii) a payment in lieu of untaken holidays, if any. Where no just cause for termination exists, a payment in lieu of notice is payable if the employment is terminated with immediate effect. The payment in lieu of notice is in addition to the payments at (i), (ii) and (iii) above and is equal to the overall salary due to Raffaele Jerusalmi during the notice period. For these purposes, overall salary includes base salary, average of any variable pay and TFR contributions paid during the last 36 months of the employment, and benefits in kind.

[1] On 1 January 2015, Xavier Rolet and David Warren transferred their contracts of employment to a newly created entity called LSEG Employment Services Ltd. No changes were made to their employment terms and conditions.

Remuneration policy for other employees and consideration of wider employee remuneration

The remuneration policy for senior Executives and other employees is determined based on similar principles to Executive Directors. For roles below the main Board, the exact structure and balance are tailored based on various factors including the scale, scope or responsibility of the role, development within a role and/or significant market movement. The Committee reviews and comments on the salary, bonus and LTIP awards of the senior Executives immediately below Board level and approves the overall design and distribution of incentive awards available to all employees, including share-based plans.

The approach in respect of base salary and benefits is generally consistent across the organisation. Executive Directors' and other senior managers' remuneration includes a greater proportion of performance related pay when compared to other employees. The Committee considers this is essential to differentiate levels of responsibility and align pay to sustainable long-term performance and shareholders' interests.

All employees are eligible to participate in the annual bonus plan which is subject to similar metrics to those used for the Executive Directors. Some Sales employees are eligible to participate in commission plans rather than the annual bonus plan. Opportunities vary by organisational level.

Other senior employees participate in long-term incentive plans on similar terms to Executive Directors but with reduced award levels for less senior roles.

The malus provision on unvested awards applies automatically to all awards granted under the Deferred Bonus Plan and the LTIP 2014. However, the Committee will have the discretion to determine at the grant date whether the clawback rule on paid bonuses and vested awards will apply to awards granted to participants other than Executive Directors. Below the Board, LTIP participants (excluding Executive Directors) may continue to be eligible for matching share awards if they acquire investment shares up to 50 per cent of their net salary at or around the time the award is granted.

In setting remuneration for Executive Directors, the Committee considers the overall approach to reward employees across the Group taking into account the scale, scope or responsibility of the role, development within a role and/or significant market movement.

Salary increases of Executive Directors in percentage terms are in line with those of employees in their local jurisdictions. The Committee does not formally consult directly with employees on Executive Directors' pay. The Committee receives ongoing regulatory updates and information on external market practices from its independent external advisers which provide additional context for decisions.

Consideration of shareholders' views

The Committee is mindful of shareholder views when setting and evaluating ongoing remuneration principles, and commits to consulting with shareholders prior to any significant changes to the remuneration policy.

Shareholders have been particularly supportive of the simplification of the Group incentive arrangements without increasing the overall incentive opportunities.

They have welcomed the compulsory deferral of 50 per cent of the bonus into shares until the increased minimum shareholding requirement is met. The Committee has taken shareholders' feedback into account and proposed that in addition to the malus provision applied to any bonus amount deferred, a clawback provision should apply to the entire bonus.

The Committee is incorporating similar malus and clawback provisions for awards under the LTIP 2014.

Policy for Non-Executive Directors

Approach to setting fees	Basis of fees	Other items
The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to make an important contribution to the Group's affairs. The Chairman's fee is determined by the Remuneration Committee, and the Board is responsible for determining all other Non-Executive Director fees. Fees are reviewed periodically to ensure they remain appropriate. The Committee retains the flexibility to increase, adjust and make one-off payments to Non-Executive Directors based on their remit. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at other companies of a similar size and complexity. The aggregate fees payable to all Non-Executives combined (excluding the Chairman and excluding fees paid for any appointments on subsidiary boards) are capped as set out in the Group's Articles of Association as they may be amended by a resolution of shareholders from time to time. The current limit on the aggregate fees that are payable is £1,500,000 per financial year. Details of current fees are set out on page 79 of the 2015 Annual Report.	Non-Executive Directors receive a basic annual fee with additional fees payable for further Board and Group responsibilities such as committee chairmanship or membership, subsidiary board or committee membership and Senior Independent Director. The Non-Executive Chairman of the Group receives an all-inclusive fee for the role. Fees are neither performance-related nor pensionable. Non-Executive Directors are not eligible to participate in the annual bonus or LTIP plans.	Non-Executive Directors do not receive any benefits or entitlements other than their fees and reasonable expenses. The Chairman receives the use of a chauffeur-driven motor car for travel to the Group's offices and business purposes. Travel and other appropriate expenses with associated taxes (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors. Non-Executive Directors are covered by the Directors' and Officers' insurance and indemnification.

Non-Executive Directors have letters of appointment with no notice period except for the Group Chairman who has a notice period of six months unless he is not re-elected by shareholders in which case his appointment will terminate immediately. The Non-Executive Directors' appointments are for an initial period of three years from the date of appointment and are also subject to re-election by shareholders. See page 79 of the Annual Report for a description of arrangements that have been put in place for Donald Brydon during 2015.

Amendments to the Remuneration Policy Report

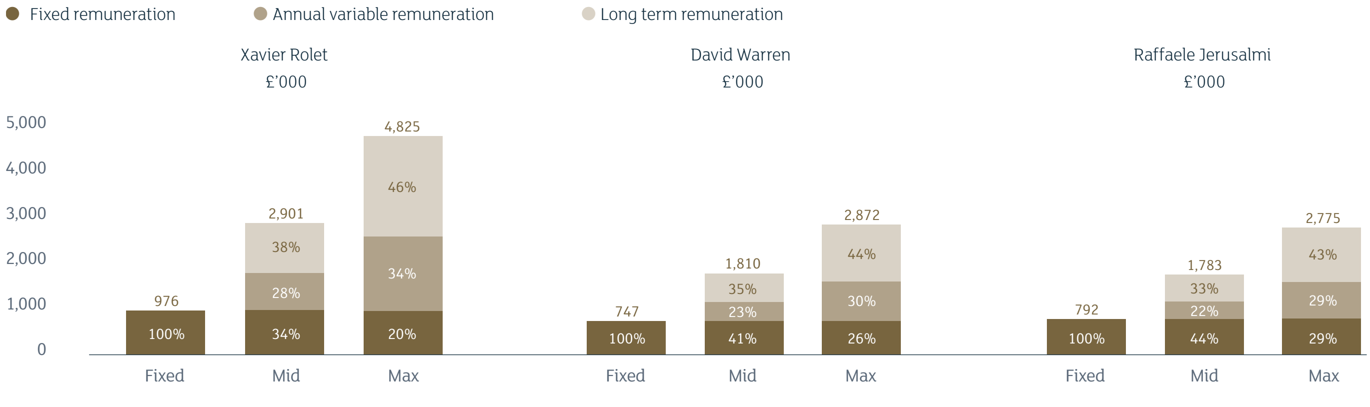
The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

The Committee remains mindful that regulation of companies in the financial services sector continues to evolve. The Committee recognises that remuneration arrangements may need to be amended in order to comply with any new regulations which become applicable to the Group. The Committee reserves the right to make changes to the Policy described above in order to comply with any such regulatory requirements which apply to the Group including any changes required under the UK Corporate Governance Code. Where this results in a major structural change, the Committee would expect to present a revised policy to shareholders for approval at the following AGM.

Illustration of the application of the remuneration policy for Executive Directors

The chart below illustrates how much the current Executive Directors could receive under different scenarios in the first year of the policy, assuming a constant share price. Note that London Stock Exchange Group plc does not have a stated 'target' level for bonus and share awards, so we have assumed 50 per cent of maximum awards to illustrate a mid-range scenario.

ELEMENT OF REMUNERATION	DETAIL OF ASSUMPTIONS
Fixed remuneration	This comprises: – Base salary with effect from 1 April 2014 – Benefits paid in FY2014 as shown in the single figure table in the Annual Remuneration Report – Pension
Annual Bonus	Assumes maximum opportunity of 225 per cent of salary for CEO and 200 per cent of salary for other Executive Directors For mid-range scenario: assumes payment of 50 per cent of the maximum opportunity For maximum: assumes payment of 100 per cent of the maximum opportunity
Long Term Incentive Plan	Assumes maximum opportunity of 300 per cent of salary in conditional shares For mid-range scenario: assumes 50 per cent of the maximum opportunity For maximum: assumes vesting of 100 per cent of the maximum opportunity



Legacy arrangements

The Committee may make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) where the terms of the payment were agreed/granted (i) before the policy came into effect or (ii) at a time when the relevant individual was not a Director of the Group and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Group.

Executive Directors have awards outstanding under the Long Term Incentive Plan 2004 which expired in July 2014.

ELEMENT OF REMUNERATION	SUMMARY
Long Term Incentive Plan 2004	The 2004 LTIP plan has two elements: a conditional award of Performance Shares and an award of Matching Shares linked to investment by Executive Directors of up to 50 per cent of net salary funded from their bonus payment. The pre-tax value of the amount deferred is matched on a 2:1 basis subject to the standard LTIP performance targets as specified below ("Matching Shares"). Performance Shares and Matching Shares are subject to the Group's absolute TSR (50 per cent) and adjusted EPS (50 per cent) performance over a single three-year period ('the performance period'). For absolute TSR, the performance period started on the date of grant and for adjusted EPS on the first day of the financial year in which the award is granted. For absolute TSR, performance is calculated using a two-month average share price at the start and at the end of the performance period to ensure any anomalous share price movements at these measurement points do not have a disproportionate effect on the assessment of performance over the full three-year period. The Committee considers the use of both of these measures will best align the interests of the Executive Directors with those of shareholders. Both absolute TSR and adjusted EPS measures are independently verified by Deloitte LLP. The performance conditions and vesting schedule for awards granted in 2010, 2011, 2012 and 2013 are set out below. The same targets also apply to awards granted prior to the date that the new LTIP Plan was approved at the July 2014 AGM.

EPS element (50%) – average adjusted EPS growth	TSR element (50%) – absolute TSR growth	Proportion of relevant element which vests
Less than 6% p.a.	Less than 8% p.a.	0%
6% p.a.	8% p.a.	30%
12% p.a. or more	16% p.a. or more	100%
Straight-line pro-rating applies between these points		

Our policy is to grant awards on an annual cycle. Awards will normally vest three years after the grant date.

Details of how the Committee intends to measure performance for these awards to reflect the change in the financial year are set out on page 77 of the 2015 Annual Report. The Committee may adjust or amend awards only in accordance with the provisions of the plan rules. This includes making adjustments to awards to reflect certain one-off events, including a variation in the Company's share capital, a demerger or a special dividend. In accordance with the plan rules, awards may be settled in cash rather than shares where the Committee considers this appropriate.

For good leavers, awards vest to the extent that the performance conditions have been met. Good leavers are those who cease to be an employee of a member of the Group by reason of death, injury, disability, ill-health, redundancy, and the sale of the individual's employing business or transfer of the Company out of the Group or any other reason which the Committee decides in its discretion, having regard to a range of relevant factors including the Executive Director's performance, length of service and circumstances of their departure.

The number of shares which vest will be reduced on a time prorated basis to reflect the period elapsed between grant and the individual leaving. On retirement, awards continue to be subject to the LTIP until the end of the performance period and will vest to the extent that the performance conditions have been satisfied at the normal vesting date unless the Committee chooses to let awards vest at the date of retirement, in which case vesting will depend on the satisfaction of the performance conditions and will be subject to time pro-rating.

Where an individual is not considered to be a good leaver, awards will lapse. Where an individual is summarily dismissed, all their awards will lapse.

In the event of a change of control, awards will vest subject to the achievement of the relevant performance conditions and unless the Committee determines otherwise, on a time prorated basis.