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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

9 October 2020

TP ICAP PLC

PROPOSED ACQUISITION OF LIQUIDNET

- *Accelerates delivery of the three pillars of TP ICAP's strategy – **electronification, aggregation and diversification***
- *Transformational opportunity for TP ICAP to diversify its business mix, accelerate upward shift of revenue growth profile and improve underlying operating margin*
- *Leverages Liquidnet's trading platform and network of over 1,000 buy-side clients¹ and TP ICAP's product market expertise and dealer relationships/connectivity to create a new global challenger in electronic Credit and Rates Fixed Income trading*
- *TP ICAP intends to continue to invest in Liquidnet's leading buy-side-focused dark/block cash Equities platform, and to preserve its trusted neutral position as an unconflicted agency broker*
- *Rights issue to raise proceeds of approximately US\$425 million fully underwritten on a standby basis*

Following the announcement made on 29 September 2020, TP ICAP plc ("**TP ICAP**" or the "**Company**") and together with its subsidiaries, the "**Group**") confirms that it has agreed definitive terms to acquire the entire issued share capital of Liquidnet Holdings, Inc. ("**Liquidnet**" and, together with its subsidiaries and the Group, the "**Enlarged Group**") for a total consideration of between US\$575 million and US\$700 million, comprising cash consideration of US\$525 million (subject to customary adjustments) payable on completion of the Acquisition ("**Completion**"), non-contingent deferred consideration of US\$50 million and contingent consideration of up to US\$125 million (the "**Acquisition**"). The Acquisition is expected to complete in Q1 2021.

The Acquisition creates a UK-headquartered, global financial markets infrastructure provider. The Enlarged Group will be well-positioned to benefit from powerful market structure trends related to buy-side objectives, such as achieving trade process efficiency and best execution,

which are propelling the rapid electronification of financial market trading across multiple asset classes and, in particular, in the dealer-to-client (“D2C”) segments of the Credit and Rates markets.

Commenting on the Acquisition, Nicolas Breteau, CEO, TP ICAP, said:

“Acquiring Liquidnet is a unique opportunity to transform TP ICAP’s growth prospects by materially accelerating the execution of our electronification, aggregation and diversification strategy.

Liquidnet is a premier, technology-driven, global electronic trading network with more than 1,000 buy-side clients¹. It has a strong and trusted brand, which we will both retain and develop. We will continue to invest in, and grow, Liquidnet’s leading dark/block Equities business, and maintain its position as a trusted and unconflicted agency broker.

Liquidnet’s electronic network incorporates extensive buy-side trade workflow connectivity, including integrations with all major order management and execution management systems. We intend to build on Liquidnet’s capabilities and connectivity, and expand its offering, particularly in respect of D2C electronic trading in Credit and Rates. Further, we expect to leverage the data assets and analytics expertise of both organisations to drive non-transaction-related earnings.

We believe that TP ICAP’s strong dealer relationships and product expertise are highly complementary to Liquidnet’s electronic capabilities and global buy-side customer base. In addition, its global low-touch block cash Equities franchise complements our existing high-touch derivatives and cash Equities activities. Combined, TP ICAP and Liquidnet will be able to offer our clients compelling electronic trading and analytics solutions, driving sustained growth and shareholder value creation over the medium and long-term.”

Commenting on the Acquisition, Brian Conroy, CEO, Liquidnet, said:

“We are energised by the opportunity of combining the strengths of TP ICAP and Liquidnet. This transaction underscores the relevance and future prospects of a business we started two decades ago, and which has grown to become not only a leader in global institutional equities block trading, but also one of the world’s premier buy-side-focused electronic networks.

Together, we will be able to better serve our customers, whilst simultaneously delivering innovative market solutions to a broader range of institutions, across a wider range of asset classes and market segments. TP ICAP’s customer base, unique data assets and global leadership across a range of product markets are highly complementary to Liquidnet and are expected to enable the acceleration of our growth plans across Equities, Fixed Income and Investment Analytics.”

Strategic highlights

The Acquisition accelerates delivery of the three pillars of TP ICAP's strategy – electronification, aggregation and diversification, and is expected to transform TP ICAP's earnings profile and growth trajectory. The Enlarged Group's earnings mix will progressively reflect the contribution from higher growth and higher margin businesses, including electronic D2C Credit and Rates trading and Data & Analytics.

Importantly, the Acquisition:

- Provides TP ICAP with substantial electronic trading and workflow connectivity to the buy-side. Liquidnet's global integrated buy-side network ranks amongst the largest electronic trading communities in the world, comprising over 1,000 institutional asset management clients¹, and it integrates with all major order/execution management systems. In addition to delivering substantial customer base diversification, the Liquidnet platform represents a rare foundation upon which to build.
- Diversifies TP ICAP's asset class exposure. Liquidnet's low-touch buy-side-focused cash Equities model delivers expertise across block (or dark) and lit markets and is complementary to TP ICAP's existing high touch inter-dealer oriented Equities activity, and the Enlarged Group intends to continue to invest in strengthening and growing the Liquidnet business.
- Offers a number of immediately addressable, and sizeable, opportunities, including:
 - Expansion of Liquidnet's electronic Credit trading offering to the D2C segment of the market, where sizeable competitor platforms serving a rapidly growing marketplace are currently few in number; and
 - The introduction of a D2C electronic trading offering for the Rates market – the largest asset class by volume in the world – which is currently predominantly served by a limited number of large platforms offering D2C trading protocols.
- Accelerates the growth and development of both Liquidnet and TP ICAP's data and analytics offerings by leveraging the Enlarged Group's rich data sets, product and analytical expertise, customer relationships and distribution capabilities.

About Liquidnet

- Liquidnet is a leading global electronic trading network.
- Liquidnet is a trusted global specialist in cash Equities dark/block trading, with a growing Fixed Income presence, and an advanced data science capability within its Investment Analytics division.
- Liquidnet provides its more than 1,000 buy-side clients¹, who collectively manage US\$33 trillion in equity and fixed income assets², with to access 45 markets worldwide.
- Built over a 20 year period, Liquidnet's network is well embedded into institutional workflows, including their signature institutional desktop trading applications and via integrations with major order/execution management systems.

Financial highlights

The Enlarged Group will have the following medium-term ambitions:

- Mid-single digit cross-cycle revenue growth;
- Targeting Liquidnet to contribute c.300bps improvement in underlying operating margin and for the Enlarged Group to achieve a 20%+ underlying EBIT margin over the medium-term; and
- c.£25 - £30 million incremental investment spend by the Enlarged Group on Liquidnet in the 12-24 months post-Completion, which will be focused mainly on technology work related to the D2C Rates opportunity, described above.

Based on TP ICAP's share price as at close of business on 8 October 2020, the Acquisition is expected to be accretive to underlying EPS in Year 3. The expected financial impact of the Acquisition on underlying EPS will be updated based on the prevailing share price at the time of the Rights Issue.

Dividend

The Acquisition represents a transformational step in TP ICAP's journey towards becoming a leading global provider of market infrastructure, capable of delivering strong growth over time. In approving the Acquisition, the board of directors of TP ICAP (the "**Board**") has taken into account the medium-term sustainable cash flow generation and capital priorities of the Enlarged Group, including the importance of the dividend to TP ICAP shareholders.

As previously announced, if the Acquisition is approved by TP ICAP shareholders, the Board intends to recommend a one-off 50% reduction of the minimum £94 million dividend in respect of the financial year ending 31 December 2020. This will help fund the Acquisition and minimise dilution of earnings on a per share basis of the Enlarged Group as a result of the Rights Issue.

For the financial year ending 31 December 2021 onwards, the Board intends to introduce a new dividend policy that will target a dividend cover of approximately 2x underlying earnings. The new dividend policy reflects a balanced approach to capital allocation allowing the Group to invest to drive growth, while allowing dividends to increase with the progress of underlying earnings.

Financing the Acquisition

The non-contingent base consideration of US\$575 million is expected to be financed as follows:

- (i) the issue by the Company of new equity by way of a rights issue to raise proceeds of approximately US\$425 million (the "**Rights Issue**"), which has been fully underwritten on a standby basis by HSBC Bank plc ("**HSBC**");
- (ii) US\$100 million by drawing down from TP ICAP's existing debt facilities; and
- (iii) US\$50 million to be paid on the third anniversary following Completion, represented by unsecured loan notes issued to certain stockholders in Liquidnet at Completion (the "**Loan Notes**").

Strong shareholder support and Board's recommendation

Additionally, having consulted several of our largest shareholders, owners of approximately 29% of the issued share capital are supportive of the Acquisition, and have indicated their current intention to vote in favour of the Resolution at the General Meeting.

The Board has approved the Acquisition and intends to recommend unanimously that TP ICAP shareholders vote in favour of the resolution to approve the Acquisition (the "**Resolution**"). The directors of TP ICAP who own shares have committed to vote in favour of the Resolution in respect of their own beneficial holdings and, in addition, the executive directors of TP ICAP (the "**Executive Directors**") have agreed to take up their respective entitlements under the Rights Issue.

Update on Redomiciliation

Separately, on 23 December 2019, TP ICAP announced its intention to reorganise the Group's international corporate structure (the "**Redomiciliation**") by the establishment of a new holding company in Jersey ("**New TP ICAP**") by means of a Court-approved scheme of arrangement (the "**Scheme**"). A separate circular to be issued by the Company (the "**Scheme Circular**") summarising the Redomiciliation and a prospectus to be issued by New TP ICAP (the "**New TP ICAP Prospectus**") is expected to be published in January 2021. The Redomiciliation is expected to complete in early 2021.

Webcast details

TP ICAP will host a presentation for investors and analysts today at 9.30 a.m. (UK time):

Webcast link: <https://streamstudio.world-television.com/854-1116-25487/en>

Joining by telephone:

- United Kingdom (Local) 020 3936 2999
- United Kingdom (Toll Free) 0800 640 6441
- United States (Local) 1 646 664 1960
- All other locations +44 20 3936 2999

Participant access code:

- 621187 – Participants will be greeted by an operator who will register their details.

Transaction website

Website link: <http://www.tpicaptransaction.com/>

Enquiries

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The person responsible for arranging and authorising the release of this announcement is Richard Cordeschi, Group Company Secretary of TP ICAP plc.

Proposed acquisition of Liquidnet

Introduction

Following the announcement made on 29 September 2020 that TP ICAP was in advanced discussions to acquire the entire issued share capital of Liquidnet, the Company confirms that it has agreed definitive terms to acquire Liquidnet for a total consideration of between US\$575 million and US\$700 million. This comprises non-contingent cash consideration of US\$525 million payable on Completion and US\$50 million deferred consideration. TP ICAP will pay up to a further US\$125 million depending on the performance of the Liquidnet Equities business over the three year period commencing on 1 January 2021. The consideration implies an EV/EBITDA multiple of between 9.0x and 10.9x Liquidnet's LTM Jun-20 Adjusted EBITDA³ of US\$64 million.

Liquidnet is a leading global electronic trading network that connects buy-side clients to liquidity in the equity and fixed income markets through its electronic trading platform. The Acquisition creates a UK-headquartered, global financial markets infrastructure provider. The Enlarged Group will be well positioned to benefit from powerful market structure trends related to buy-side objectives such as achieving trading efficiency and best execution, which are propelling the rapid electrification of financial market trading across asset classes, and in particular in the Credit and Rates segments.

The Board has approved the Acquisition and intends to recommend unanimously that TP ICAP shareholders vote in favour of the Resolution. The directors of TP ICAP who own shares have committed to vote in favour of the Resolution in respect of their own beneficial holdings and, in addition, the Executive Directors have agreed to take up their respective entitlements under the Rights Issue.

Additionally, having consulted several of our largest shareholders, owners of approximately 29% of the issued share capital are supportive of the Acquisition, and have indicated their current intention to vote in favour of the Resolution at the General Meeting.

TP ICAP expects to publish a circular (the "**Acquisition Circular**"), including a notice of a general meeting (the "**General Meeting**"), and a prospectus (the "**Rights Issue Prospectus**") in connection with the Acquisition and Rights Issue in January 2021. Subject to the satisfaction (or, where applicable, waiver) of the conditions to the Acquisition, including the receipt of relevant regulatory approvals, the Acquisition is expected to complete in Q1 2021.

Reasons for the Acquisition

TP ICAP Strategy

TP ICAP's goal is to expand its proposition as a leading global provider of market infrastructure. TP ICAP seeks to take advantage of market evolution and drive long-term growth and shareholder value by focusing on its stated strategy on three key pillars:

- **Electronification:** TP ICAP intends to enhance its medium-term profitability potential by better using technology to improve the efficiency of its client-facing services and internal operations;
- **Aggregation:** TP ICAP aims to enhance its position as a global player in over-the-counter ("**OTC**") markets by using technology to improve market depth – specifically,

by giving clients the ability to access the liquidity pools available across the Group's separate brands; and

- **Diversification:** TP ICAP seeks to continue to leverage its markets expertise and capability to further diversify its revenues, specifically in its faster-growing divisions, including Data & Analytics, Institutional Services and Energy & Commodities.

Strategic Rationale for the Acquisition

Liquidnet represents a transformational opportunity for TP ICAP to diversify its business mix, accelerate the achievement of its strategic goals and bring about an upward shift of its revenue growth profile and an improvement in its underlying operating margin. The Acquisition will strengthen TP ICAP's market position, longer-term growth prospects and profitability.

The Board believes the strategic rationale for the Acquisition is well supported by a number of attributes and opportunities:

- 1) **Global integrated buy-side customer base and connectivity:** Liquidnet has been a trusted partner to buy-side clients for two decades, building up comprehensive workflow connectivity to a network of more than 1,000 buy-side institutions¹. Liquidnet has already proven its ability to leverage its network and relationships to enter new market segments. Since 2015, when Liquidnet launched its Fixed Income offering, it has built a network of more than 500 active asset management clients¹. TP ICAP believes there is clear potential to build further, complementing Liquidnet's strengths and shared unconflicted agency-only model with its own product expertise, dealer relationships, and connectivity;
- 2) **Diversification of asset class exposure:** Liquidnet's low-touch buy-side-focused cash Equities model is complementary to TP ICAP's existing high-touch inter-dealer oriented Equities activity, and the Enlarged Group will continue to invest in strengthening and developing Liquidnet's offering, including its growing Equities algorithms business; and
- 3) **Addressable growth opportunities, arising from the combined strengths of Liquidnet and TP ICAP:**
 - **D2C Credit trading:** The market structure for trading Credit products has evolved significantly in recent years, in response to changes in regulation and other market trends. In particular, D2C electronic Credit trading has been growing rapidly over the past several years. Liquidnet has already built an impressive global network of more than 500 buy-side institutions¹, with execution protocols focused mainly on large-size client-to-client ("**C2C**") trading of corporate bonds. TP ICAP expects to use its Credit market expertise, its established relationships with the global dealer community, and Liquidnet's existing capabilities, to expand the Liquidnet Credit platform to include a range of D2C tools and protocols. In a growing market segment, which is currently served by only a small number of platforms having a client network comparable to that of Liquidnet, TP ICAP expects the Enlarged Group to present a highly attractive offering to market participants;

- **D2C Rates trading:** Driven by regulation, the share of OTC products have grown as a proportion of overall interest rate derivatives trading. In addition, market structure trends related to best execution and trade process efficiency have propelled a robust trend of trade electronication within the overall Rates segment (i.e., including both interest rate derivatives and government bonds). Electronic volumes are growing particularly rapidly in the D2C segment of the market, and there are currently few electronic platform operators with substantial buy-side client networks serving the marketplace. With its existing dealer connectivity, and its close relationships with major global banks, TP ICAP believes that it can create a powerful competitor in the growing D2C electronic trading arena; and
- **Data & Analytics product and customer opportunities:** TP ICAP already offers market participants one of the largest and richest OTC datasets available globally. Liquidnet's Investment Analytics team and artificial intelligence and machine-learning tools are expected to complement and enhance TP ICAP's product development and service capabilities. TP ICAP's global Data & Analytics sales team expects to present useful tools and products (such as the recently launched Bond Evaluated Pricing service) to the Liquidnet client base, accelerating the Enlarged Group's penetration of the buy-side market for data and analytics.

Medium-term financial targets for the Enlarged Group

The Acquisition is expected to transform TP ICAP's earnings profile and growth trajectory, with the Enlarged Group's earnings mix progressively reflecting the contribution from higher growth and higher margin businesses, including electronic D2C Credit and Rates, Data & Analytics and Institutional Services. The anticipated shift in earnings drivers is expected to contribute to enhanced revenue growth and margin expansion potential for the Enlarged Group.

The Enlarged Group will have the following medium-term ambitions:

- Mid-single digit cross-cycle revenue growth;
- Targeting Liquidnet to contribute c.300bps improvement in underlying operating margin, and for the Enlarged Group to achieve a 20%+ underlying EBIT margin, over the medium-term; and
- c.£25 - £30 million incremental investment spend on Liquidnet in the 12-24 months post-Completion, which will be focused mainly on technology work related to the D2C Rates opportunity, as described above.

Summary information on Liquidnet

Liquidnet is a premier brand, technology-driven, international electronic trading network that connects more than 1,000 buy-side clients¹ globally in the Equities and Fixed Income markets. Liquidnet has acted as a trusted partner to its clients for 20 years and its platform is fully integrated into their end-to-end workflows. Across both asset classes, Liquidnet clients manage more than US\$33 trillion in assets².

Liquidnet comprises three divisions - Equities, Fixed Income and Investment Analytics:

- **Equities:** Liquidnet's largest and most established business, servicing more than 1,000 buy-side clients¹ across 45 markets, the Equities division is focused on low-touch buy-side-to-buy-side block trading, providing execution solutions, workflows and liquidity sourcing techniques. Clients represent an average of US\$79 billion of daily liquidity⁴ within the Liquidnet network;
- **Fixed Income:** Connecting the liquidity of more than 500 buy-side clients globally¹, Liquidnet's Fixed Income division offers intelligent execution solutions, with a focus on large C2C trades, with buy-side clients representing c.US\$13 billion average daily liquidity⁵ in the system; and
- **Investment Analytics:** Liquidnet's Investment Analytics division allows investors to analyse, filter and organise data through artificial intelligence, machine learning and natural language processing. This data-driven market intelligence is designed to help traders capture more alpha by reaching conviction more quickly.

In the LTM⁶, Liquidnet had US\$64 million (c.£49 million⁷) of adjusted EBITDA⁸ on US\$339 million (c.£262 million⁷) of revenue. In Equities, which contributed 96% of 2019 revenues, Liquidnet is well-diversified geographically, with revenues split across clients in the Americas (41%), EMEA (43%) and APAC (16%). Gross assets of Liquidnet as at 30 June 2020 were US\$626 million.

Founded in 1999, Liquidnet's nearly 450 employees are largely based in its New York headquarters. In addition, the Company has operations in nine other offices globally, including London, Boston, San Francisco, Toronto, Dublin, Hong Kong, Singapore, Tokyo and Sydney.

Key terms of the Acquisition

Acquisition Agreement

On 9 October 2020, TP ICAP, Liquidnet, TP ICAP Acquisitions Co., a newly incorporated subsidiary of TP ICAP ("**Merger Sub**") and Shareholder Representative Services LLC (acting in its capacity as the security holders' representative) (the "**Sellers' Representative**") entered into an agreement (the "**Acquisition Agreement**") pursuant to which Merger Sub will merge with and into Liquidnet. On Completion, Liquidnet will be the surviving corporation and become a wholly-owned direct or indirect subsidiary of TP ICAP or New TP ICAP and the separate corporate existence of Merger Sub will terminate. The Acquisition Agreement is governed by the laws of Delaware.

As Liquidnet has over 800 stockholders, the Acquisition is structured as a merger so as to ensure the acquisition of the entire issued share capital of Liquidnet. As consideration for the Acquisition, Liquidnet stockholders will receive an initial consideration (subject to customary adjustments) of US\$525 million in cash, a further US\$50 million of non-contingent deferred consideration comprising the Loan Notes. TP ICAP will pay up to a further US\$125 million depending on the revenue performance of Liquidnet's Equities business over a three year period commencing on 1 January 2021. The contingent consideration will become payable shortly following the end of this three year period.

Under the terms of the Acquisition Agreement, any Liquidnet stockholder who would be entitled to consideration of a certain amount or less for their shares will receive that consideration in cash on Completion. Any Liquidnet stockholder who would be entitled to consideration above that amount will receive a combination of cash and Loan Notes on Completion.

Conditions

The size of the Acquisition means that it will be a Class 1 transaction under the Listing Rules. Accordingly, the Acquisition is conditional upon the approval of TP ICAP shareholders at the General Meeting.

Completion is also subject to, and can only occur upon satisfaction (or where applicable waiver) of, the conditions set out in the Acquisition Agreement which include, amongst others:

- (i) certain regulatory and antitrust approvals, including in particular the approval of the US Financial Industry Regulatory Authority, the UK Financial Conduct Authority (“**FCA**”), the Central Bank of Ireland, the Hong Kong Securities and Futures Commission and the Singapore Monetary Authority;
- (ii) the Scheme becoming effective and admission of New TP ICAP to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange (“**New TP ICAP Admission**”) having occurred;
- (iii) admission of the shares to be issued pursuant to the Rights Issue (nil paid) to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange (“**Rights Issue Admission**”) having occurred; and
- (iv) the representations given by TP ICAP and Liquidnet being true and correct except as would not have a material adverse effect on TP ICAP or Liquidnet, as the case may be.

Break fee

If the Acquisition Agreement is terminated in circumstances where, among other things: (i) the General Meeting is not convened and held by the requisite time and date; (ii) the Board does not give or qualifies, changes or withdraws its recommendation to TP ICAP shareholders either in the Acquisition Circular to vote in favour of the Class 1 Resolution or in the Scheme Circular to vote in favour of the Scheme (each, a “**Recommendation Change**”); (iii) the Resolution is not passed with the requisite majority at the General Meeting; (iv) the Court meeting or the general meeting of shareholders to consider and, if thought fit, approve the Scheme (together, the “**Scheme Meetings**”) are not held by the requisite time and date; (iv) the resolutions to effect the Scheme are not passed with the requisite majorities at the Scheme Meetings; (v) the Scheme does not become effective by the requisite time and date or New TP ICAP Admission does not occur by the requisite time and date; or (vi) Rights Issue Admission does not occur by the requisite time and date, TP ICAP must pay a break fee to Liquidnet of approximately US\$17 million (c.£13 million⁷), being an amount equal to 1% of the market capitalisation of TP ICAP as calculated, in accordance with the Listing Rules, at 5.00 p.m. on the last business day prior to the date of the Acquisition Agreement.

The break fee will not be payable if the Acquisition Circular, the Rights Issue Prospectus or the New TP ICAP Prospectus is not published, there is a Recommendation Change, TP ICAP

is unable to hold a vote on the Resolution at the General Meeting by the requisite time and date, TP ICAP is unable to ensure that New TP ICAP Admission occurred by the requisite time and date or TP ICAP is unable to ensure that Rights Issue Admission occurred by the requisite time and date, in each case, because of:

- (i) a material failure by Liquidnet to provide the information, access or customary representation or comfort letters relating to the preparation of the Acquisition Circular, the Rights Issue Prospectus or the New TP ICAP Prospectus;
- (ii) a material misstatement or omission in any information provided by Liquidnet to TP ICAP for the purposes of preparation of the Acquisition Circular, the Rights Issue Prospectus or the New TP ICAP Prospectus; or
- (iii) a material breach of the representations and warranties relating to the information provided by Liquidnet for the preparation, verification or finalisation of the Acquisition Circular, the Rights Issue Prospectus or the New TP ICAP Prospectus.

Representations, warranties, covenants and limitations on liability

Liquidnet has provided TP ICAP with a variety of contractual protections in the Acquisition Agreement, in particular:

- (i) typical representations and warranties for a transaction of this nature (including with regard to capitalisation, authority, financial statements, legal and regulatory proceedings, employees and employee benefit plans, compliance with applicable law and material contracts);
- (ii) covenants relating to how the business will be conducted prior to Completion;
- (iii) reasonable access, information, co-operation and assistance in the preparation of the Acquisition Circular, the Rights Issue Prospectus and the New TP ICAP Prospectus; and
- (iv) reasonable access to Liquidnet's properties, books, contracts, officers, employees and other personnel and records.

TP ICAP has obtained representations and warranty insurance up to a maximum coverage of US\$57.5 million in respect of the representations and warranties given by Liquidnet in the Acquisition Agreement, subject to a customary retention of 0.75% of the aggregate consideration and certain specified limitations agreed with the relevant insurers. Save in the case of fraud, TP ICAP's sole recourse in respect of any representation and warranty claim against Liquidnet and its stockholders will be under this insurance policy. The Acquisition Agreement also contains other customary limitations and exclusions on liability.

Escrow arrangements

On or before Completion, TP ICAP, the Sellers' Representative and US Bank N.A. will enter into an escrow agreement pursuant to which US\$20 million of the initial cash consideration will be paid into an escrow account which will be used for any post-Completion adjustment of the initial consideration payable by Liquidnet stockholders to TP ICAP. The Liquidnet stockholders' aggregate liability in respect of any post-Completion adjustment is capped at US\$20 million, which TP ICAP considers to be sufficient for the purposes of any post-

Completion adjustment to the initial consideration. In addition, up to a further US\$2 million will be paid into the escrow account by Liquidnet stockholders in order to cover certain other contingencies.

Financing the Acquisition

The Acquisition will be financed through a combination of the Rights Issue, existing debt facilities and Loan Notes. TP ICAP operates under a regulatory capital framework and, as such, needs to maintain certain capital levels. The Acquisition will be largely financed through equity so as to preserve the regulatory capital of the Enlarged Group.

The Rights Issue is expected to raise proceeds of approximately US\$425 million. The Rights Issue has been fully underwritten on a standby basis by HSBC and is expected to be fully underwritten on launch. The additional US\$100 million of the initial consideration will be financed through the Group's existing debt facilities. The non-contingent deferred consideration comprises the Loan Notes.

Rights Issue

With respect to the Rights Issue, which is expected to raise proceeds of approximately US\$425 million in GBP, TP ICAP has entered into a fully underwritten standby underwriting agreement with HSBC (the "**Standby Underwriting Agreement**"). The Standby Underwriting Agreement is expected to remain in place until the publication of the Rights Issue Prospectus, at which point it will be replaced by a definitive underwriting agreement (the "**Underwriting Agreement**"). The Standby Underwriting Agreement provides that the price of TP ICAP shares to be issued in connection with the Rights Issue will be agreed by TP ICAP and HSBC at the time the Rights Issue Prospectus is published and will be set out in the Underwriting Agreement. The Standby Underwriting Agreement contains customary representations and warranties, conditions and termination rights and the Rights Issue will be subject to customary conditions (including, for the avoidance of doubt, the Acquisition Agreement not having been terminated).

Loan Notes

The non-contingent deferred consideration will comprise Loan Notes to be issued by either TP ICAP or New TP ICAP (at TP ICAP's discretion) to certain Liquidnet stockholders on Completion. The Loan Notes, when issued, will represent unconditional, unsubordinated and unsecured obligations of the issuer and will rank *pari passu* with all other unsecured and unsubordinated obligations of the issuer from time to time outstanding. The principal amount of the Loan Notes is US\$50 million and they will bear interest at 3.20% per annum, to be paid annually. The Loan Notes will mature on the third anniversary of Completion unless repaid in full before that date.

Governance and management

TP ICAP recognises the importance of Liquidnet's employees in creating its success, and values its cohesive, people-focused culture.

The Enlarged Group will continue to be chaired by TP ICAP's Chairman, Richard Berliand, and led by TP ICAP's Chief Executive Officer, Nicolas Breteau, with Robin Stewart as Chief Financial Officer and Philip Price as Group General Counsel.

Dividend

The Acquisition represents a transformational step in TP ICAP's journey towards becoming a leading global provider of market infrastructure, capable of delivering superior growth over time. In approving the Acquisition, the Board has taken into account the medium-term sustainable cash flow generation and capital priorities of the Enlarged Group, alongside the importance of the dividend to shareholders.

As previously announced, if the Acquisition is approved by TP ICAP shareholders, the Board intends to recommend a one-off 50% reduction of the minimum £94 million dividend in respect of the financial year ending 31 December 2020. This will help fund the Acquisition and minimise dilution of earnings on a per share basis of the Enlarged Group as a result of the Rights Issue.

For the financial year ending 31 December 2021 onwards, the Board intends to introduce a new dividend policy that will target a dividend cover of approximately 2x underlying earnings. The new dividend policy reflects a balanced approach to capital allocation allowing the Group to invest to drive growth, while allowing dividends to increase with the progress of underlying earnings.

Update on the Redomiciliation

On 23 December 2019, TP ICAP announced the proposed Redomiciliation through the introduction of New TP ICAP by means of the Scheme. The Board considers that the Redomiciliation will result in a corporate structure that should provide greater financial flexibility for the Group, support effective governance of the business and allow the Group to become more competitive.

It is intended that the Scheme Circular and New TP ICAP Prospectus will be published in January 2021 and, subject to receiving the requisite third party consents (including, but not limited to, shareholder, regulatory, and court approvals), the Redomiciliation is expected to complete in early 2021, prior to Completion.

Summary information on TP ICAP

TP ICAP brings together buyers and sellers in global financial, energy and commodities markets. It is one of the world's largest wholesale market intermediaries, with a portfolio of businesses that provide broking services, data & analytics and market intelligence, trusted by clients around the world. It operates from offices in 26 countries, supporting award-winning brokers with market-leading technology.

www.tpicap.com

Appendix I – Additional financial information on Liquidnet

US\$ million	2018	2019	LTM Jun-20
Operating Revenues	341.5	302.2	339.2
Reported EBITDA	82.2	31.0	46.9
(+) Equity-based Compensation	7.7	8.3	14.6
(+) Dual Occupancy Expense	6.5	1.6	0.4
(+/-) Other	(0.4)	2.1	2.1
Adjusted EBITDA	96.0	43.0	64.0

Note: Financials based on US GAAP. This statement may be subject to amendment by TP ICAP in the Acquisition Circular and the Rights Issue Prospectus when based on TP ICAP financial statements under IFRS and / or IFRS-consistent accounting policies adopted by TP ICAP in its own internal Group statements.

Appendix II – Glossary

Client-to-Client (C2C): System allows only buy-side clients to negotiate and trade with other buy-side clients

Dealer-to-Client (D2C): System allows dealers to negotiate and trade with buy-side clients

Notes

1. As of Q2 2020, includes institutional asset management, pension fund and hedge fund clients
2. As of 30 September 2018, excluding APAC
3. Liquidnet financials based on US GAAP. Adjusted EBITDA (non-GAAP metric) excludes equity based compensation and other non-recurring fees totalling US\$17 million. This may be subject to amendment under the IFRS accounting standard
4. As of Q1 2020
5. As of Q2 2020
6. As of LTM, Jun-20; US GAAP accounting standard
7. Converted to GBP at a rate of 1.29 USD
8. Adjusted EBITDA (non-GAAP metric) excludes equity based compensation and other non-recurring fees totalling US\$17 million

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