THIS CIRCULAR AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your Ordinary Shares, please forward this Circular, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or the transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this Circular to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action. The distribution of this Circular and any accompanying document into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this Circular and any accompanying documents come should inform themselves about, and observe, any applicable restrictions and legal, exchange control or regulatory requirements. Any failure to comply with these restrictions or requirements may constitute a violation of the securities law of any such jurisdiction.

This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 (*Letter from the Chairman*) of this Circular and which contains a recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors which are set out in Part 2 (*Risk Factors*) of this Circular.

TP ICAP PLC

(Incorporated and registered in England and Wales with registered number 05807599)

Proposed Acquisition of Liquidnet

Circular to Shareholders

and

Notice of General Meeting

Notice of a General Meeting of the Company, to be held at 2 Broadgate, London EC2M 7UR at 1.45 p.m. on 1 February 2021, is set out at the end of this Circular. The action to be taken by Shareholders in respect of the General Meeting is provided in paragraph 16 of Part 1 (*Letter from the Chairman*) of this document.

Whether or not you intend to be present (either in person or electronically) at the General Meeting, you are asked to complete and return the Form of Proxy for use at this General Meeting in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by Link Group at PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, United Kingdom by no later than 1.45 p.m. on 28 January 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). Shareholders wishing to submit their proxies electronically can do so by visiting www.signalshares.com and following the instructions. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon and in the notice of General Meeting by the aforementioned deadline.

Due to the novel coronavirus (COVID-19) pandemic, public health or other applicable rules or regulations may restrict your ability to attend the General Meeting in person. Arrangements have been made for shareholders to attend and participate in the General Meeting electronically. Details of how shareholders may attend the General Meeting electronically are set out in this document. Irrespective of whether Shareholders intend to attend in person or electronically, they are strongly encouraged to complete and send in their Forms of Proxy.

The situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. The Company has been closely monitoring developments relating to the COVID-19 pandemic, including the related public health legislation and guidance introduced by the UK Government. Any changes to the arrangements for the General Meeting will be communicated to Shareholders via the Company's website at www.tpicap.com/investors and, where appropriate, by Regulatory Information Service announcement.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group, ID RA10, not later than 1.45 p.m. on 28 January 2021. The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person or electronically should you so wish and be so entitled.

A summary of the actions to be taken by Shareholders is set out on pages 16–17 of this Circular and in the Notice of General Meeting set out at the end of this Circular.

This Circular is not a prospectus, but a shareholder circular relating to the Acquisition and the Resolution, and it is not intended to and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of an offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security, including any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to be issued in connection with the proposed Rights Issue. This Circular has been prepared in accordance with the Listing Rules and approved by the Financial Conduct Authority (**FCA**).

The information provided in this Circular is provided solely in compliance with the Listing Rules for the purpose of enabling Shareholders to consider the Resolution.

Each of HSBC Bank plc (**HSBC**), Merrill Lynch International (**BofA Securities**) and J.P. Morgan Securities plc (**JP Morgan**) is authorised by the Prudential Regulation Authority (the **PRA**) and regulated by the PRA and the FCA in the United Kingdom. Peel Hunt LLP (**Peel Hunt**) is regulated by the FCA in the United Kingdom. BofA Securities, HSBC, JP Morgan and Peel Hunt are each acting exclusively for TP ICAP plc and no one else in connection with the Acquisition, and will not regard any other person (whether or not a recipient of this Circular) as their respective clients in relation to the Acquisition and will not be responsible to anyone other than TP ICAP plc for providing the protections afforded to their respective clients, nor for providing advice, in relation to the Acquisition or any other transaction, arrangement or matter referred to in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on BofA Securities, HSBC, JP Morgan and Peel Hunt by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither BofA Securities, HSBC, JP Morgan, Peel Hunt nor any of their respective affiliates, directors, officers, employees or advisers accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person, in connection with the Company or the Acquisition, and nothing in this Circular should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of BofA Securities, HSBC, JP Morgan and Peel Hunt and their respective affiliates, directors, officers, employees and advisers accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Circular or any such statement.

Notice to all Shareholders

The information provided in this Circular is provided solely for the purpose of considering the Resolution. Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the Resolution is prohibited.

No person has been authorised to give any information or to make any representations other than those contained in this Circular or incorporated by reference into it and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, BofA Securities, HSBC or Peel Hunt. None of the Company, BofA Securities, HSBC or Peel Hunt take any responsibility or liability for, and can provide no assurance as to the reliability of, other information that you may be given. Subject to the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules, the delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of TP ICAP or Liquidnet since the date of this Circular or that the information in this Circular is correct as at any time subsequent to the date of this Circular.

The contents of this Circular and the information incorporated by reference into it should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

Notice to overseas Shareholders

This Circular is not an offer of securities for sale in the United States and there will be no public offer of securities in the United States. The securities discussed in this Circular have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The securities discussed in this Circular have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of these securities or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

Distribution of this Circular by any recipient may be restricted or prohibited by U.S. law. Recipients are required to inform themselves of, and to comply with, all such restrictions or prohibitions.

This Circular is dated 7 January 2021.

CONTENTS

IMPORTANT INFORMATION

1. Forward-looking statements

Certain statements contained in this Circular or incorporated by reference into it constitute, or may be deemed to constitute, "forward-looking statements" regarding the financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities, plans and objectives of management and other matters relating to the TP ICAP Group, the Liquidnet Group and, following Completion of the Acquisition, the Enlarged Group. Statements in this document that are not historical facts are hereby identified as "forward-looking statements". In some instances, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. These risks and uncertainties include, but are not limited to:

- the Enlarged Group's ability to fully realise the anticipated benefits of the Acquisition;
- the risk of failure of the Enlarged Group to retain key management or other personnel;
- the risk of management distraction or insufficient management capacity as a result of the Acquisition;
- TP ICAP's limited rights to terminate the Acquisition before Completion of the Acquisition;
- foreign exchange risk in connection with the Acquisition and the future business of the Enlarged Group;
- possible or assumed future results of the Enlarged Group's business, financial position and results of operations, including the extent to which the COVID-19 pandemic may adversely impact the Enlarged Group's business, financial position and results of operations;
- the Enlarged Group's liquidity, plans, objectives, goals or strategies;
- the evolution of the market for trading in financial products in the UK, the U.S. and elsewhere;
- the assumptions underlying such forward-looking statements;
- regulatory initiatives and changes in tax laws; and
- market volatility.

Such forward-looking statements are necessarily based on a number of estimates and assumptions that, although considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as at the date of this document, reflect the Board's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's or the Enlarged Group's operations, results of operations and growth strategy. All of the forward-looking statements made in this document are qualified by these cautionary statements. Important factors which may cause actual results to differ include, but are not limited to, those described in Part 2 (*Risk Factors*) of this document.

Save as required by law, or by the Listing Rules, the Prospectus Regulation Rules or the Disclosure Guidance and Transparency Rules, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document. For the avoidance of doubt, nothing in this paragraph 1 (*Forward-looking statements*) is intended to qualify the working capital statements set out in paragraph 9 (*Working capital*) of Part 6 (*Additional Information*) of this Circular.

2. Currency and exchange rate presentation

Unless otherwise indicated, all references in this Circular to:

- "sterling", "pounds sterling", "GBP", "£" or "pence" are to the lawful currency of the United Kingdom;
- "dollars", "U.S. dollars", "USD", "US$" or "$" are to the lawful currency of the United States;
- "euro", "EUR" or "€" are to the lawful currency of the European Union (as adopted by certain member states); and
- "Australian dollars" or "AUD", are to the lawful currency of Australia.

3. Market, economic and industry data

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company's own knowledge of its sales and markets.

The Company confirms that information sourced from a third party has been accurately reproduced, and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified.

In addition, in many cases, statements in this document regarding the markets in which the Company and the Liquidnet Group operate and the Company and the Liquidnet Group's positions within those markets have been made based on internal surveys, industry forecasts and market research, as well as the Company's own experiences. Although these statements are believed by the Company to be reliable, they have not been independently verified.

References in this document to the term "market", or similarly construed words, are not intended, and should not be read, as an admission of a properly defined market for the purpose of any competition, antitrust or regulatory analysis.

4. Rounding

Certain data in this Circular, including financial, statistical and operating information, have been rounded to the nearest whole number or the nearest decimal place. As a result of rounding, the totals of data presented in this Circular may vary slightly from the actual arithmetic totals of such data. Percentages have also been rounded and accordingly may not add up to 100 per cent.

5. Presentation of financial information

5.1 Sources and presentation of TP ICAP financial information

Unless otherwise indicated, the financial information relating to the TP ICAP Group as at 30 September 2020 and for the nine months ended 30 September 2020 and 30 September 2019 included in this Circular has been extracted without material adjustment from the unaudited consolidated interim financial statements of the TP ICAP Group for the nine months ended 30 September 2020 and the financial information as at and for the years ended 31 December 2019, 2018 and 2017 included in this Circular has been extracted without material adjustment from the audited consolidated financial statements of the TP ICAP Group for the years ended 31 December 2019, 2018 and 2017.

The audited consolidated financial statements of the TP ICAP Group for the years ended 31 December 2019, 2018 and 2017 have been prepared in accordance with IFRS. The unaudited consolidated interim financial statements of the TP ICAP Group for the nine months ended 30 September 2020 have been prepared in accordance with IAS 34 (except for the omission of separate disclosures of financial information for the 3 month period commencing 1 July 2020 and ending 30 September 2020).

5.2 Sources and presentation of Liquidnet financial information

Unless otherwise indicated, financial information relating to the Liquidnet Group has been extracted without material adjustment from the historical financial information relating to the Liquidnet Group set out in Section A of Part 4 (*Historical Financial Information relating to the Liquidnet Group*) of this Circular.

The historical consolidated financial information relating to the Liquidnet Group as at and for the nine months ended 30 September 2020 and 30 September 2019 has been prepared in accordance with IAS 34

(Interim Financial Statements). The audited historical consolidated financial information relating to the Liquidnet Group as at and for the years ended 31 December 2019, 2018 and 2017 has been prepared in accordance with IFRS.

The unaudited historical consolidated financial information relating to the Liquidnet Group as at and for nine months ended 30 September 2020 and 30 September 2019 has been prepared in a manner consistent with the accounting policies adopted by TP ICAP in preparing the financial information relating to the TP ICAP Group as at and for the nine months ended 30 September 2020, and the audited historical consolidated financial information relating to the Liquidnet Group as at and for the years ended 31 December 2019, 2018 and 2017 has been prepared in a manner consistent with the accounting policies adopted by TP ICAP in preparing the financial information relating to the TP ICAP Group as at and for the year ended 31 December 2019.

6. Unaudited pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this document.

The unaudited pro forma financial information is for illustrative purposes only. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's financial position. Further results of operations may differ materially from those presented in the unaudited pro forma information due to various factors. The unaudited pro forma financial information has not been prepared, and shall not be construed as having been prepared, in accordance with Regulation S-X under the U.S. Securities Act.

7. Alternative performance measures and key performance indicators (KPIs)

This document contains certain alternative performance measures and key performance indicators that are not defined or recognised under IFRS. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based require a level of judgement and can vary from company to company.

These alternative performance measures and key performance indicators are included because the Directors believe that they are used widely by certain investors, securities analysts and other interested parties as supplemental measures of operating performance and liquidity. The Group uses such measures to measure operating performance and liquidity, in presentations to the Board and as a basis for strategic planning and forecasting as well as monitoring certain aspects of its operating cash flows. These are not measures of operating performance derived in accordance with IFRS and should not be considered in isolation or as a substitute for analysis of the Group historical financial results based on IFRS.

8. No profit forecast

No statement in this Circular is intended, or is to be construed, as a profit forecast for the Company, the TP ICAP Group or the Enlarged Group or to be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical earnings per Ordinary Share.

9. No incorporation of website information

Without prejudice to the documents incorporated by reference into this document, which will be made available on the Company's website, information contained in or otherwise accessible through the website of the Company is not a part of this document, and prospective investors should not rely on it. With the exception of those elements of the specific documents incorporated by reference into this document, as described in paragraph Part 6 (*Additional Information*) of this document, all references in this document to these internet sites are inactive textual references to these internet addresses and are for information only.

10. Defined terms

Defined terms, including all capitalised terms, are defined and explained in Part 7 (*Definitions and Glossary*) of this Circular.

11. Times

All references to time in this Circular are, unless otherwise stated, references to time in London, United Kingdom.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Rights Issue and Acquisition	9 October 2020
Publication and posting of this Circular and the Forms of Proxy	7 January 2021
Latest time and date for receipt of Forms of Proxy, CREST Proxy Instructions and registration of online votes from Shareholders for the General Meeting	1.45 p.m. on 28 January 2021
Record date for voting at the General Meeting	6.30 p.m. on 28 January 2021
General Meeting	1.45 p.m. on 1 February 2021
Completion of the Acquisition	first quarter of 2021
Long Stop Date for the Acquisition	9 October 2021

Each of the times and dates in the above timetable is subject to change in which event details of the new times and dates will be notified to the Financial Conduct Authority and the London Stock Exchange. References to times are to London time unless otherwise stated.

DIRECTORS, PROPOSED DIRECTOR, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Richard Berliand (*Chairman*) Nicolas Breteau (*Group Chief Executive Officer*) Robin Stewart (*Group Chief Financial Officer*) Philip Price (*Group General Counsel*) Angela Knight (*Senior Independent Non-Executive Director*) Edmund Ng (*Independent Non-Executive Director*) Roger Perkin (*Independent Non-Executive Director*) Michael Heaney (*Independent Non-Executive Director*) Angela Crawford-Ingle (*Independent Non-Executive Director*) Mark Hemsley (*Independent Non-Executive Director*) Tracy Clarke (*Independent Non-Executive Director*)
Proposed Director	Kath Cates (*Independent Non-Executive Director*[1])
Company Secretary	Richard Cordeschi
Registered Office of the Company	Floor 2, 155 Bishopsgate London EC2M 3TQ United Kingdom
Sole Sponsor, Sole Global Co-ordinator, Joint Bookrunner and Financial Adviser	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom
Joint Bookrunner and Lead Financial Adviser	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Joint Bookrunner	JP Morgan Securities plc 25 Bank Street London E14 5JP United Kingdom
Joint Bookrunner	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET United Kingdom
English and U.S. legal advisers to the Company	Allen & Overy LLP One Bishops Square London E1 6AD United Kingdom
English and U.S. legal advisers to the Underwriters	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
Auditors and Reporting Accountants to TP ICAP	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom
Registrar	Link Group Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

1 Appointment effective from 1 February 2021.

PART 1

Letter from the Chairman

TP ICAP plc

(*Incorporated and registered in England and Wales with registered number 05807599*)

Level 2, 155 Bishopsgate
London EC2M 3TQ
United Kingdom

Directors	
Richard Berliand	(*Chairman*)
Nicolas Breteau	(*Group Chief Executive Officer*)
Robin Stewart	(*Group Chief Financial Officer*)
Philip Price	(*Group General Counsel*)
Angela Knight	(*Senior Independent Non-Executive Director*)
Edmund Ng	(*Independent Non-Executive Director*)
Roger Perkin	(*Independent Non-Executive Director*)
Michael Heaney	(*Independent Non-Executive Director*)
Angela Crawford-Ingle	(*Independent Non-Executive Director*)
Mark Hemsley	(*Independent Non-Executive Director*)
Tracy Clarke	(*Independent Non-Executive Director*)

Dear Shareholder

Proposed Acquisition of Liquidnet, fully underwritten Rights Issue and Notice of General Meeting

1. Introduction

On 9 October 2020, TP ICAP announced that it had reached agreement on the terms of the proposed acquisition of Liquidnet for a total consideration of between $575 million and $700 million. This comprises non-contingent cash consideration of $525 million payable on Completion of the Acquisition (subject to customary adjustments) and $50 million deferred consideration in the form of 3.20 per cent. unsecured loan notes. TP ICAP will pay up to a further $125 million depending on the revenue performance of Liquidnet's Equities business over the three-year period commencing on 1 January 2021. The consideration implies an EV/EBITDA multiple of between 8.2x and 10.0x Liquidnet's LTM September 2020 Adjusted EBITDA[2] of $70.2 million.

Liquidnet is a premier brand, technology-driven, international electronic trading network that connects nearly 1,000 buy-side clients globally to liquidity 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.

Owing to its size, the Acquisition is a "Class 1" transaction for the purposes of the Listing Rules and therefore requires the approval of Shareholders: the Acquisition is conditional on, among other things, such approval. Accordingly, the TP ICAP General Meeting to seek TP ICAP's Shareholders' approval for the Acquisition will take place at 1.45 p.m. on 1 February 2021, at 2 Broadgate, London EC2M 7UR. Due to the COVID-19 pandemic, arrangements have also been made for TP ICAP's Shareholders to attend the meeting electronically. An explanation of the Resolution to be proposed is set out in paragraph 14 of this letter.

I am writing to give you further details of the Acquisition, including the background to and reasons for it, to explain why the TP ICAP board considers it to be in the best interests of TP ICAP and TP ICAP shareholders as a whole and to seek your approval of the Resolution.

2 This reflects an update from the previously announced EV/EBITDA multiple as a result of (i) the conversion of Liquidnet's financial results to the IFRS accounting standard and (ii) the update of Liquidnet's Adjusted EBITDA to LTM September 2020 from LTM June 2020.

Under the terms of the Rights Issue, the Company is offering 225,334,552 New Ordinary Shares by way of a rights issue to Qualifying Shareholders at 140.0 pence per New Ordinary Share.

A list of defined technical terms used in this letter is included in Part 7 (*Definitions and Glossary*) of this document.

2. Background to the Acquisition and the Rights Issue

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

- **Electronification**: TP ICAP seeks to enhance its medium-term profitability potential by increasing the amount of client activity and services that are delivered electronically. Electronification plans include pre- to post-trade transaction client services, as well as delivery of data and analytics, and internal processes;
- **Aggregation**: TP ICAP operates a number of liquidity pools across products, asset classes and brands. TP ICAP intends to maintain its leading global position as the largest inter-dealer broker by revenue using technology to improve the efficiency of clients' access to these separate product liquidity pools, including via harmonisation of the appearance of screens between products and brands, better application programming interface access, and integrated extraction and delivery of related data and analytics; and
- **Diversification**: TP ICAP's Global Broking division currently contributes a majority of Group revenue and earnings. TP ICAP's diversification initiatives seek to increase the contribution to Group revenue and earnings from its faster-growth business segments, including Institutional Services, Energy & Commodities and Data & Analytics. These businesses provide diversification in terms of customer base and revenue model.

Liquidnet has acted as a trusted brand and partner to its buy-side clients for more than 20 years, and is fully integrated into their end-to-end workflows. Liquidnet comprises three divisions, Equities, Fixed Income, and Investment Analytics:

- **Equities**: Equities is Liquidnet's largest and most established business, servicing nearly 1,000 buy-side clients across 45 markets and focusing on large size dark trade execution, including buy-side to buy-side block trading and algorithmic trading. Liquidnet offers its customers a range of intelligent execution options, workflow solutions and liquidity sourcing techniques. Liquidnet's platform can be accessed via desktops, most OMS and EMS, and via Liquidnet's Global Trading Desks. Equities clients provided approximately $62 billion of global average daily liquidity over the first nine months of 2020;
- **Fixed Income**: Connecting the liquidity of more than 500 buy-side clients globally, Liquidnet's Fixed Income division offers intelligent execution solutions for U.S. and European corporate bonds and emerging markets bonds with a focus on facilitating large client-to-client (**C2C**) trades via protocols designed to minimise information leakage. The Liquidnet platform offers connectivity via major OMS and EMS. Over the first nine months of 2020, Liquidnet's Fixed Income clients provided approximately $17 billion of average daily liquidity; and
- **Investment Analytics**: Liquidnet's Investment Analytics division allows traders and investors to analyse, filter and organise data through artificial intelligence, machine learning and natural language processing. Liquidnet's data-driven approach to market intelligence is designed to help traders and portfolio managers more easily distil relevant information and streamline the investment decision-making process.

The Acquisition will be financed through a combination of the proceeds of the Rights Issue, draw down of existing debt facilities and the Loan Notes.

The Directors believe that, taking into account the size of the fundraising and their desire to respect the pre-emption rights of Shareholders, the Rights Issue represents the most appropriate way of raising equity to fund the Acquisition. Further information on the financing of the Acquisition and the principal terms of the Rights Issue is set out below in sections 8 and 9 of this letter.

3. Reasons for the Acquisition

The Directors believe that the strategic rationale for the Acquisition is compelling on the basis that Liquidnet represents a transformational opportunity for TP ICAP to accelerate delivery of the three pillars of its strategy — electronification, aggregation and diversification — and to positively transform the Enlarged Group's earnings profile and growth trajectory. The Enlarged Group's earnings mix is expected to progressively reflect the contribution from higher growth and higher margin businesses, including electronic D2C Credit and Rates trading and Data & Analytics. As a result, the Acquisition is expected to strengthen TP ICAP's market position, longer-term growth prospects and profitability.

The Directors believe the strategic rationale for the Acquisition of Liquidnet is well supported by a number of attributes and opportunities:

1. **Global integrated buy-side customer base and connectivity**: Liquidnet has been a trusted brand and partner to buy-side clients for two decades, building up comprehensive workflow connectivity to a network of nearly 1,000 buy-side institutions. Liquidnet has already proven its ability to leverage its network and relationships to enter new market segments. Since 2015, when Liquidnet launched its Credit offering, it has built a network of more than 500 active fixed income buy-side clients globally. TP ICAP sees clear potential to build further by complementing Liquidnet's strengths and its unconflicted agency-only business model with TP ICAP's own product and market 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 and derivatives oriented Equities activity. The Enlarged Group will continue to invest in strengthening and developing Liquidnet's offering, including its growing Equities algorithms business;

3. **Addressable growth opportunities arising from the combined strengths of Liquidnet and TP ICAP**:

    a. <u>Dealer-to-client (**D2C**) Credit trading</u>: 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 institutions, 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. D2C electronic trading constitutes a growing market segment, currently served by only a small number of platforms having a client network comparable to that of Liquidnet, and where the principal barrier to entry is not liquidity, but connectivity to buy-side firms (particularly via OMS and EMS) and dealers. The Enlarged Group expects to present an attractive offering to market participants;

    b. <u>D2C Rates trading</u>: Driven by regulation, interest rate swaps 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 electronification 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, where the principal barrier to entry is buy-side network and dealer connectivity, rather than incumbent centralised liquidity pools, 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 combined with the connectivity potential of the Liquidnet client network, TP ICAP believes that it will be able to offer a compelling new challenger in the growing D2C electronic Rates trading arena; and

    c. <u>Data & Analytics product and customer opportunities</u>: TP ICAP already offers market participants one of the largest and richest OTC datasets available globally. Liquidnet's Investment Analytics team and AI and machine-learning tools will complement and enhance TP ICAP's product development and service capabilities. TP ICAP expects to leverage the data assets, product and analytical expertise, client relationships and distribution capabilities of both organisations to drive non-transaction-related earnings. 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.

4. Information relating to TP ICAP

The TP ICAP Group operates at the centre of global wholesale OTC and exchange-traded markets, providing both data and execution services. The TP ICAP Group provides broking services, including facilitating price discovery and execution, to counterparties operating in the world's major wholesale OTC and exchange-traded financial and commodity markets. The TP ICAP Group is active across all core financial, energy and commodities asset classes, facilitating the flow of liquidity around the world and contributing to economic growth and financial stability. The TP ICAP Group provides an important service to its clients by enabling them to trade a wide range of financial, energy and commodities products in numerous markets and regions. These trades are often bespoke in nature, complex and of a high nominal value, with the TP ICAP Group's brokers having access to deep pools of liquidity. The TP ICAP Group's broking activities require it to act as an intermediary between buyers and sellers of complex financial products, enabling them to trade efficiently and effectively. The TP ICAP Group's business model is focused on providing an intermediation service to its clients, which can be provided without actively taking market risk.

By seeking to act as a trusted partner to its clients, the TP ICAP Group enables them to transact their business with confidence.

The TP ICAP Group also provides independent data to participants in the financial, energy and commodities markets, including live and historical pricing content, as well as advanced valuation and risk analytics.

The TP ICAP Group's business is organised into three geographic reporting segments, EMEA, the Americas and Asia Pacific. The TP ICAP Group operates through five divisions (four of which are client-facing):

- *Global Broking*: Global Broking accounted for 67.9 per cent. of the TP ICAP Group's revenue and 79.2 per cent. of the TP ICAP Group's underlying operating profit for the year ended 31 December 2019. The TP ICAP Group's Global Broking division provides brokerage and execution services to a number of markets and asset classes, including: Rates (derivative products which facilitate the management of interest rate risk), FX and Money Markets (treasury products, foreign exchange options, and cash and deposits), Emerging Markets (local market products, including emerging market bonds), Equities (equity derivative products and depositary receipts) and Credit Products (corporate bonds).
- *Energy & Commodities*: Energy & Commodities accounted for 20.8 per cent. of the TP ICAP Group's revenue and 16.5 per cent. of the TP ICAP Group's underlying operating profit for the year ended 31 December 2019. The Energy & Commodities division operates in the oil, gas, power, renewables, precious and non-precious metals, soft commodities and coal markets for a range of clients including banks, corporates, physical commodity trading companies, asset managers and hedge funds.
- *Institutional Services*: Institutional Services accounted for 4.1 per cent. of the TP ICAP Group's revenue and 1.1 per cent. of the TP ICAP Group's underlying operating profit for the year ended 31 December 2019. The Institutional Services division provides agency execution services in a range of financial products to buy-side institutions such as hedge funds, asset managers, and corporates.
- *Data & Analytics*: Data & Analytics accounted for 7.4 per cent. of the TP ICAP Group's revenue and 21.1 per cent. of the TP ICAP Group's underlying operating profit for the year ended 31 December 2019. The Data & Analytics division is a leading provider of scarce OTC data and neutral pricing information, with more than 1,000 clients and a global sales presence. Data & Analytics clients include traders, middle and back office personnel, across banks and buy-side institutions. Use cases include price and liquidity discovery, portfolio valuation, and fulfilment of regulatory obligations. Recurring subscription-based revenue comprised more than 94 per cent. of total Data & Analytics revenues in 2019.
- *Corporate Centre*: The TP ICAP Group's Corporate Centre division provides support staff and infrastructure to the TP ICAP Group's client-facing divisions, including technology, compliance, risk, finance, HR, legal and other essential corporate functions. The Corporate Centre division does not generate revenue but is used to eliminate inter-divisional revenue.

5. Information relating to Liquidnet

Liquidnet is a leading global electronic trading network, where nearly 1,000 buy-side clients globally come to execute their large trades with maximum anonymity and minimum market impact 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.

Liquidnet is composed of three business divisions, Equities, Fixed Income, and Investment Analytics:

- **Equities**: Equities is Liquidnet's largest and most established business, servicing nearly 1,000 equity buy-side clients across 45 markets and focusing on large size dark trade execution, including buy-side to buy-side block trading and algorithmic trading. Liquidnet offers its customers a range of intelligent execution options, workflow solutions and liquidity sourcing techniques. Liquidnet's platform can be accessed via desktops, most OMS and EMS, and via Liquidnet's Global Trading Desks. Equities clients provided approximately $62 billion of global average daily liquidity over the first nine months of 2020;

- **Fixed Income (Credit)**: Connecting the liquidity of more than 500 buy-side clients globally, Liquidnet's Fixed Income division offers intelligent execution solutions for U.S. and European corporate bonds and emerging market bonds with a focus on facilitating large C2C trades via protocols designed to minimise information leakage. The Liquidnet platform offers connectivity via major OMS and EMS. Over the first nine months of 2020, Liquidnet's Fixed Income clients provided approximately $17 billion average of daily liquidity; and
- **Investment Analytics**: Liquidnet's Investment Analytics division allows traders and investors to analyse, filter and organise data through artificial intelligence, machine learning and natural language processing. Liquidnet's data-driven approach to market intelligence is designed to help traders and portfolio managers more easily distil relevant information and streamline the investment decision-making process.

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

Liquidnet's global institutional investment network connects institutions to liquidity in equities and fixed income through its global electronic trading ecosystems. Its equities and fixed income core crossing functionality allows clients to trade large blocks of stock and bonds without intermediaries and with minimum information leakage. Liquidnet's network is based on last-mile connectivity via its customers' order management systems. Liquidnet also offers a premium suite of algorithms (**Algos**) specifically designed for institutions and their unique workflows. Liquidnet's global suite of liquidity-seeking, benchmark, and portfolio trading Algos for equities, opportunistically seek liquidity in Liquidnet's pool and in multiple other dark and lit venues, to help clients achieve their execution objectives. Between 2015 and 2019, the amount of global volume traded via Liquidnet's equities algorithmic platform grew by approximately 237 per cent.

Liquidnet's equity trading solutions provided approximately $62 billion of global average daily equity liquidity over the first nine months of 2020, whereas its fixed income members contributed approximately $17 billion in global average daily liquidity over the first nine months of 2020. Liquidnet's platform also allows members to use block matching technology to negotiate a price/quantity or execute at the midpoint of the bid-ask price (**Negotiated Blocks**), with an average global execution size for Negotiated Blocks in equities of $1.4 million for January and February 2020.

6. Proposed change to corporate structure

In December 2019, the TP ICAP Group announced its intention to undertake the Redomiciliation in order to reorganise its international corporate structure by incorporating a new holding company in Jersey by means of a court-approved scheme of arrangement. The Redomiciliation is expected to create a more capital efficient corporate structure that is expected to provide greater financial flexibility. The Redomiciliation will be subject to shareholder and regulatory approvals in early 2021, with completion following shortly thereafter.

7. Principal terms and conditions of the Acquisition

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

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 $525 million in cash and a further $50 million of non-contingent deferred consideration comprising the Loan Notes. TP ICAP will pay up to a further $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 up to a certain amount for their shares will receive that consideration in cash on Completion of the Acquisition. However, any Liquidnet stockholder who would be entitled to consideration of or above that amount will receive a combination of cash and Loan Notes on Completion of the Acquisition.

The Acquisition is conditional, inter alia, upon the approval of Shareholders at the General Meeting, as well as other customary conditions and regulatory approvals, in particular regulatory approvals for TP ICAP entities to become indirect owners of certain Liquidnet regulated entities, including the approval of the FCA, the U.S. Financial Industry Regulatory Authority (**FINRA**), the U.S. Securities and Exchange Commission (**SEC**), the Ontario Securities Commission (**OSC**), the Alberta Securities Commission (**ASC**), the Investment Industry Regulatory Organisation of Canada (**IIROC**), the Central Bank of Ireland (**CBI**), the Securities and Futures Commission of Hong Kong (**SFC**), and the Monetary Authority of Singapore (**MAS**).

Unless as a result of a breach by Liquidnet of certain of its obligations or representations given under the Acquisition Agreement, if the Acquisition Agreement is terminated in circumstances where: (i) the General Meeting is not convened and held by the requisite time and date; (ii) the Board qualifies, changes or withdraws its recommendation in either this Circular for TP ICAP shareholders to vote in favour of the Resolution or the Scheme Circular for Scheme Shareholders to vote in favour of the Scheme Resolutions; (iii) the Resolution is not passed with the requisite majority at the General Meeting; (iv) the Scheme Resolutions 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 the New TP ICAP Admission does not occur by the requisite time and date; or (vi) Admission does not occur by the requisite time and date, TP ICAP must pay a break fee to Liquidnet of approximately \$17 million (approximately £13 million), being an amount equal to 1 per cent. 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.

TP ICAP has obtained representations and warranty insurance up to a maximum coverage of \$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 per cent. 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 shall be under the insurance policy. The Acquisition Agreement also contains other customary limitations and exclusions on liability.

TP ICAP and Liquidnet, among others, also entered into a letter agreement (the **Letter Agreement**) to provide for certain arrangements relating to an employment claim brought against Liquidnet by a former employee alleging discrimination based on sex, sexual exploitation and retaliation (the **Identified Action**). Following Completion of the Acquisition, Liquidnet and certain of the Liquidnet stockholders will continue to control the defence of the Identified Action, but have agreed to consult with TP ICAP in respect of that defence, and are not permitted to settle the Identified Action without TP ICAP's prior written consent, other than in limited circumstances that would not result in any liability to the Enlarged Group. The Liquidnet stockholders' aggregate liability in respect of any claims, losses and damages (including reasonable attorneys' and consultants' fees and expenses) to the extent arising out of or resulting from the Identified Action is subject to a financial cap, and any amounts payable shall be paid out of an escrow account to be set up for this purpose and would result in an adjustment to the consideration payable to Liquidnet stockholders. However, the maximum potential financial impact of the Identified Action, and the amount of any adjustment that may be made to the consideration payable to the Liquidnet stockholders, is not material in the context of the Acquisition.

More detailed summaries of the key terms of the Acquisition Agreement and of the agreements relating to the Acquisition to be entered into on Completion of the Acquisition are set out in Part 3 (*Principal Terms and Conditions of the Acquisition*) of this Circular.

8. Financing of the Acquisition

The Acquisition will be financed through a combination of the proceeds of the Rights Issue, draw down of existing debt facilities and the Loan Notes.

The Rights Issue is expected to raise proceeds of approximately \$425 million. The additional \$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.

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 of the Acquisition. 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 $50 million and they will bear interest at 3.20 per cent. per annum, to be paid annually. The Loan Notes will mature on the third anniversary of Completion of the Acquisition unless repaid in full before that date.

9. Principal terms of the Rights Issue and Underwriting Agreement

The Company is proposing to raise approximately £315 million by way of the Rights Issue.

Subject to the fulfilment of, among other things, the conditions set out below, the Company will offer 225,334,552 New Ordinary Shares to Qualifying Shareholders at a Rights Issue Price of 140.0 pence per New Ordinary Share, payable in full on acceptance. The Rights Issue will be offered on the basis of:

2 New Ordinary Shares for every 5 Existing Ordinary Shares

held by Qualifying Shareholders on the Record Date, and so in proportion to any other number of Existing Ordinary Shares then held.

The Rights Issue is being fully underwritten by the Underwriters, subject to certain customary conditions, on the basis set out in the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarised in Part 6 (*Additional Information*) of this Circular. The Rights Issue Price of 140.0 pence per New Ordinary Share, which is payable in full on acceptance by no later than 11.00 a.m. on 16 February 2021, represents a 43.2 per cent. discount to the closing middle-market price of the Company of 246.6 pence per Existing Ordinary Share on 6 January 2021, the last trading day prior to the announcement of the Rights Issue. Additionally, it represents a discount of approximately 35.2 per cent. to the theoretical ex-rights price of 216.1 pence per New Ordinary Share, calculated by reference to the closing middle-market price on the same basis.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive in full all dividends and other distributions declared, made or paid by reference to a record date after the date of their issue, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares. The Existing Ordinary Shares are already admitted to CREST. The New Ordinary Shares are in registered form and can be held in certificated or uncertificated form via CREST.

The Rights Issue is conditional upon, among other things:

- the passing of the Resolution at the General Meeting;
- Admission of the New Ordinary Shares (nil paid) becoming effective by not later than 8.00 a.m. on 2 February 2021 (or such later time and/or date as the Company and the Sole Global Co-ordinator may agree, being not later than 9 February 2021);
- the delivery of certain documents to the Underwriters by the times and dates specified in the Underwriting Agreement;
- TP ICAP having complied with its obligations under the Underwriting Agreement and under the terms of the Rights Issue, save to the extent that, in the opinion of the Sole Global Co-ordinator acting in good faith, would not be material in the context of the Rights Issue, the underwriting of the New Ordinary Shares or Admission;
- the warranties on the part of TP ICAP under the Underwriting Agreement being true, accurate and not misleading on the date of the Underwriting Agreement, the date of this document and immediately before Admission;
- the Acquisition Agreement remaining in full force and effect and not having been terminated, having lapsed or ceased to be capable of completion in accordance with its terms, prior to Admission;
- no event requiring a supplement to this document having arisen between the time of publication of this document and Admission and no such supplementary prospectus being published by or on behalf of the Company before Admission, which the Sole Global Co-ordinator (acting in good faith) considers to be material in the context of the Rights Issue; and
- in the opinion of the Sole Global Co-ordinator (acting in good faith), no material adverse change having occurred in respect of the TP ICAP Group at any time prior to Admission (whether or not foreseeable at the date of the Underwriting Agreement).

Although the Rights Issue will not proceed if the Resolution is not passed, the Rights Issue is not conditional upon Completion of the Acquisition, and will close before the Acquisition is expected to complete. It is therefore possible that the proceeds of the Rights Issue will be received by TP ICAP but not used for the purpose of the Acquisition if the Acquisition does not complete. In such circumstances, TP ICAP may determine that it is in the best interests of Shareholders to return the proceeds of the Rights Issue in a timely and efficient manner or to retain some or all of the proceeds for general corporate purposes.

The results of the Rights Issue, including the aggregate amount raised, is expected to be announced by the Company to a Regulatory Information Service by 8.00 a.m. on 17 February 2021.

Applications have been made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission of the New Ordinary Shares, nil paid, will become effective and dealings (for normal settlement) in the New Ordinary Shares will commence, nil paid, at 8.00 a.m. on 2 February 2021.

10. Dividend policy

The Directors believe the Acquisition represents a transformational step in TP ICAP's goal of expanding its proposition as a leading global provider of market infrastructure, capable of delivering strong growth over time as it seeks to take advantage of market evolution and drive long-term growth and shareholder value. In recommending the Acquisition for approval by TP ICAP shareholders, the Board has taken into account its view of the medium-term sustainable cash flow generation and capital allocation 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 per cent. 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 (defined as profit for the year adjusted for acquisition, disposal and integration costs, exceptional items and taxation). The new dividend policy reflects a balanced approach to capital allocation and is expected to allow the Enlarged Group to invest to drive growth, while allowing dividends to increase in line with underlying earnings.

11. Current trading, prospects and trend information

TP ICAP

TP ICAP provided a trading update for the first nine months of 2020 on 9 November 2020. As stated at that time, TP ICAP's revenue for the first nine months of 2020 was one per cent. lower on a constant currency basis and two per cent. lower on a reported basis, compared to the first nine months of 2019. While trading volumes continued to be subdued during much of the fourth quarter of 2020, revenue for the full year 2020 is expected to be one per cent. lower than in 2019. This demonstrates the resilience of the TP ICAP franchise and the benefits of its diversification strategy, as revenue growth achieved in Data & Analytics, Institutional Services and Energy & Commodities offset much of the decline in Global Broking revenue following its strong performance in the first quarter of 2020.

Liquidnet

For the finanacial year ending 31 December 2020, Liquidnet has proved resilient in the midst of the COVID-19 pandemic and is expected to record strong revenue performance for the year ended 31 December 2020, as compared with the year ended 31 December 2019.

12. Management and employees

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.

13. Financial effects of the Acquisition on TP ICAP

The Acquisition is expected to have a positive impact on the TP ICAP Group's earnings profile and growth trajectory, with the Enlarged Group's business mix reflecting the contribution from higher growth and higher margin businesses, including growth as a result of operating leverage improvement in electronic D2C Credit and Rates from the Liquidnet business, as well as further revenue growth from the use of OTC datasets by Data & Analytics and from the growing scale of the Institutional Services business. The anticipated shift in earnings drivers from these businesses is expected to contribute to enhanced revenue growth and margin expansion potential for the Enlarged Group.

In the medium term, the Enlarged Group will target a revenue compound annual growth rate (**CAGR**) of 4 per cent. The Enlarged Group will also aim to achieve an underlying operating profit margin of: (i) approximately 18 per cent. by 2023 (as compared to a target of approximately 17 per cent. for the TP ICAP Group on a standalone basis over the same period without the Acquisition); and (ii) approximately 23 per cent. in the medium term (as compared to a target of approximately 20 per cent for the TP ICAP Group on a standalone basis over the same period without the Acquisition). The Liquidnet Group is therefore expected to contribute approximately 3 per cent. of the improvement to the Enlarged Group's underlying operating profit margin in the medium term and a greater proportion of the Enlarged Group's overall business is expected to be comprised of higher growth businesses over the medium term as a result of the Acquisition. These quantified financial benefits are not expected to be recurring, are contingent on Completion of the Acquisition and could not be achieved by the TP ICAP Group independently. These quantified estimated financial benefits reflect both the expected benefits of the Acquisition and related costs.

14. General Meeting and Resolution

The Acquisition and Rights Issue are conditional upon, among other things, TP ICAP shareholders' passing the Resolution at the General Meeting which will be held at 2 Broadgate, London EC2M 7UR on 1 February 2021. Accordingly, you will find set out at the end of this Circular a Notice of General Meeting convening a General Meeting.

At the General Meeting, the Resolution will be proposed to approve the Acquisition and certain other matters.

A summary of the Resolution is set out below. The full text of the Resolution is included in the Notice of General Meeting, which is set out in Part 8 (*Notice of General Meeting*) of this Circular.

Resolution

The Resolution will be proposed as an ordinary resolution. The Resolution must be approved by TP ICAP Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting.

The Resolution proposes that the Acquisition be approved and that the Directors of the Company be authorised to take all steps and enter into all agreements and arrangements necessary or desirable to implement the Acquisition.

If the Resolution is not passed, the Acquisition and the Rights Issue will not complete.

Your attention is again drawn to the fact that the Acquisition and the Rights Issue is conditional and dependent upon the Resolution being passed. There are also additional conditions which must be satisfied before the Acquisition can be completed.

Shareholders should be aware that it is possible that the Acquisition could fail to complete. The possibility of the Acquisition failing to complete is explained further in Part 3 (*Principal Terms and Conditions of the Acquisition*) of this Circular.

15. Risk factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part 2 (*Risk Factors*) of this Circular.

16. Action to be taken

You will find enclosed with this document a Form of Proxy for use in respect of the Resolution to be proposed at the General Meeting. **Whether or not you intend to be present at the General Meeting either in person or electronically, we strongly advise you to complete the Form of Proxy in accordance with the**

instructions printed on it, and return it as soon as possible, but in any event so as to be received by Link Group, by hand or by post, at Link Group, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not later than 1.45 p.m. on 28 January 2021.

Shareholders wishing to submit their proxies electronically should do so at the Link Group website www.signalshares.com and follow the instructions. To use this service, you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy.

To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon and the notice of General Meeting by the aforementioned deadline.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group, ID RA10, not later than 1.45 p.m. on 28 January 2021.

The Resolution will be decided on a poll and the result of the vote will be announced to the London Stock Exchange and will appear on the Company's website, www.tpicap.com/investors.

Due to the novel coronavirus (COVID-19) pandemic, public health or other applicable rules or regulations may restrict your ability to attend the General Meeting in person. Arrangements have been made for shareholders to attend and participate in the General Meeting electronically. Further instructions on how to attend and participate in the meeting electronically are contained in Part 9 (*Shareholder's Guide to Electronic Attendance*) of this Circular.

The current situation is constantly evolving and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting will be communicated to Shareholders before the General Meeting through our website and, where appropriate, by Regulatory Information Service announcement.

The return of the Form of Proxy (or appointment of a proxy electronically) will not prevent you from attending the General Meeting and voting in person or electronically if you wish. In each case, the Form of Proxy and voting instruction cards should be completed in accordance with the instructions printed on them. **Irrespective of whether your intend to attend in person or electronically, you are strongly encouraged to complete and send in your Form of Proxy (or to submit your proxy electronically).**

17. Further information

Your attention is drawn to the further information set out in Part 6 (*Additional Information*) of this Circular. Shareholders should read the whole of this Circular and the information incorporated by reference and not just rely on the summarised information set out in this letter.

18. Recommendation

The Board considers the Acquisition and the Rights Issue to be in the best interests of the TP ICAP Group and the Shareholders as a whole. Accordingly, the Board unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, and all Directors have committed to do so in respect of their own legal and beneficial holdings, which amount to 289,558 Ordinary Shares (representing 0.1 per cent. of the Company's existing issued ordinary share capital as at the Latest Practicable Date). Further, each Director intends to take up in full the New Ordinary Shares to which he or she is entitled under the Rights Issue.

Yours faithfully,

Richard Berliand
Chairman

PART 2

Risk Factors

A number of factors affect the operating results, financial condition and prospects of the TP ICAP Group and the Liquidnet Group and, if the Acquisition is completed, will affect the Enlarged Group. This Part 2 (Risk Factors) addresses the risks known to TP ICAP and the TP ICAP Directors which are material risk factors to the Acquisition, will be material new risk factors to the TP ICAP Group as a result of the Acquisition, or are existing material risk factors to the TP ICAP Group which will be impacted by the Acquisition. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties currently unknown to TP ICAP and the TP ICAP Directors, or which TP ICAP and the TP ICAP Directors currently deem immaterial or deem material to TP ICAP but which will not result from or be impacted by the Acquisition, may also have an adverse effect on the business, financial condition, operating results or prospects of the TP ICAP Group and the Enlarged Group. If any or a combination of the following risks materialise, the Enlarged Group's business, financial condition, operating results and prospects could be materially adversely affected. In such circumstances, the market price of the Company's Ordinary Shares could decline and Shareholders may lose all or part of their investment. The information given is as of the date of this Circular and, except as required by the FCA, the London Stock Exchange, or any other applicable law, will not be updated. Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained in this Circular (including any information incorporated into this Circular by reference) before deciding whether or how to vote in respect of the Resolution.

References in this Part 2 (Risk Factors) to: (i) the acquisition of a company or business, or an acquired company or business, shall include references to the acquisition of an interest in such business or company; (ii) the Liquidnet Group shall be construed as relevant to the Enlarged Group subject to Completion of the Acquisition; and (iii) the Enlarged Group shall be construed as the TP ICAP Group and the Liquidnet Group together if the Acquisition is completed or the TP ICAP Group if the Acquisition is not completed, as applicable.

1. RISKS RELATED TO THE ACQUISITION

1.1. *Completion of the Acquisition is conditional and the conditions may fail to be satisfied*

The Acquisition is conditional, among other things, upon: (i) Shareholders passing the Resolution; (ii) Admission (of the nil paid rights) having occurred; (iii) 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; and (iv) certain regulatory approvals necessary under the laws of various jurisdictions to enable TP ICAP to own and operate Liquidnet's business, including in particular the approval of the Financial Industry Regulatory Authority (**FINRA**), the UK Financial Conduct Authority (**FCA**), the Central Bank of Ireland (**CBI**), the U.S. Federal Trade Commission, the Hong Kong Securities and Futures Commission (**SFC**), the Monetary Authority of Singapore (**MAS**), the Ontario Securities Commission (**OSC**), the Alberta Securities Commission (**ASC**) and the Investment Industry Regulatory Organisation of Canada (**IIROC**). See Part 3 (*Principal Terms and Conditions of the Acquisition*) of this Circular for additional information on the Acquisition and the related closing conditions. There can be no assurance that these conditions will be satisfied or waived, if applicable, or that Completion of the Acquisition will be achieved.

While the TP ICAP Group is confident that all conditions to the Acquisition can be satisfied or waived, as applicable, there can be no guarantee that this will occur in a timely manner and on terms acceptable to the TP ICAP Group or at all, or can be met without undue diversion of financial resources or management time and attention. If any of the conditions to Completion of the Acquisition are not met, the Acquisition may be delayed (which would prolong the period of uncertainty for the TP ICAP Group and the Liquidnet Group and may result in additional costs to their businesses), or may not become effective. If Completion of the Acquisition does not occur, TP ICAP will not realise the anticipated benefits of the Acquisition in a timely manner or at all and could incur liability and other significant costs. Under the terms of the agreement entered into between TP ICAP and Liquidnet on 9 October 2020 in connection with the Acquisition (the **Acquisition Agreement**), TP ICAP is required to take any and all steps required to avoid the entry of any permanent or temporary injunction or other order that would enjoin or prohibit Completion of the Acquisition, including agreeing to divest, dispose or hold separate assets or businesses of the TP ICAP Group or the Liquidnet Group.

If the Acquisition is not completed as a result of TP ICAP's failure to obtain the requisite regulatory approvals, including as a result of a potential violation of applicable antitrust laws or regulations, TP ICAP could incur liability for Liquidnet if it fails to comply with its obligations to obtain such approvals. In addition, TP ICAP would still be required to pay significant fees and other costs incurred in connection with the Acquisition (which include financing, financial advisory, legal and accounting fees and expenses) and, in certain circumstances, including if the Resolution fails to pass, may also be required to pay a termination fee of approximately $17 million, being an amount equal to 1 per cent. of the market capitalisation of TP ICAP as calculated, in accordance with the Listing Rules, at 5.00 p.m. on 8 October 2020, the business day prior to the date of the Acquisition Agreement. Further, if the Acquisition does not become effective, the TP ICAP Group could incur additional costs and divert additional resources in seeking alternatives to the Acquisition and there can be no assurance that such alternatives will materialise on commercially acceptable terms, if at all.

1.2. *The TP ICAP Group's and the Enlarged Group's actual financial position and results of operations may differ materially from the unaudited pro forma condensed combined financial information included in this Circular*

The unaudited pro forma condensed combined financial information contained in this Circular is presented for illustrative purposes only and does not represent what the TP ICAP Group's or the Enlarged Group's financial position or results of operations would have been had the Acquisition been completed on the date indicated. The unaudited pro forma condensed combined financial information has been derived from the audited and unaudited financial statements of the TP ICAP Group and the Liquidnet Group and certain adjustments and assumptions have been made in the preparation of such pro forma financial information. The application of purchase accounting for the Acquisition has also required the TP ICAP Group to make preliminary estimates with respect to the fair values of the net assets acquired, and applicable guidance allows certain adjustments until the TP ICAP Group receives the information about facts and circumstances that existed as of the acquisition date. However, this period cannot exceed one year from Completion of the Acquisition. The finalised carrying values of the net assets acquired may differ materially from the TP ICAP Group's current estimates reflected in the unaudited pro forma condensed combined financial information in this Circular. The future reported results of operations and balance sheet data may therefore differ from those that might be expected based on the unaudited pro forma condensed combined financial information set forth in this Circular. In addition, the assumptions used in preparing the pro forma combined financial information may not prove to be accurate, and other factors may affect the Enlarged Group's financial condition or results of its operations.

1.3. *The Group may not be able to fully realise the benefits of the Acquisition*

Through the Acquisition, the TP ICAP Group seeks to expand its buy-side connectivity via Liquidnet's global integrated buy-side network, achieve greater diversification of its asset class exposure through Liquidnet's platform in the equities segment, and take advantage of new opportunities, particularly in the dealer-to-client (**D2C**) credit and rates markets. However, there can be no assurance that the Acquisition will deliver the planned for benefits or that the Enlarged Group will realise the anticipated return on investment within the expected timeframe. Achieving the advantages of the Acquisition will depend partly on the efficient management and integration of the activities of TP ICAP and Liquidnet, two businesses that currently function independently with geographically dispersed operations, and with different clients, business cultures and compensation structures. The planned for benefits of the Acquisition, including the targeted medium-term improvements to revenue and underlying operating profit margins, may fail to be achieved within the stated time period or at all, because of a number of factors, including failure by the Enlarged Group to effectively sell or cross-sell products and services to Liquidnet customers, failure to gain a meaningful share of new market segments, failure to leverage Liquidnet's existing capabilities in line with the expectations of the TP ICAP Group, adverse conditions in the markets in which TP ICAP and Liquidnet operate and failures relating to integration of business operations or support functions. For more information relating to integration, see also "Management distraction as a result of the Acquisition or any challenges in integrating Liquidnet could have an adverse effect on the business of the Enlarged Group". In addition, the costs associated with successfully completing the integration process necessary to achieve these benefits may exceed expectations.

The Enlarged Group will also face risks associated with retaining existing client relationships or establishing new client relationships. For example, the Enlarged Group will face the risk of being unable to retain the TP ICAP Group's or the Liquidnet Group's existing clients following the Acquisition. Further, there can be no assurance that the Enlarged Group will be successful in establishing relationships with new clients. Additionally, even if the Enlarged Group is able to reach new clients, the number of such clients may be lower than expectations for the Enlarged Group to realise its anticipated benefits from the Acquisition.

Any of the foregoing may have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

1.4. *As a result of the Acquisition the Enlarged Group may fail to retain key management or other personnel*

The calibre and performance of the Liquidnet Group's and the TP ICAP Group's senior management and other key employees once a part of the Enlarged Group will be critical to the success of the Enlarged Group. Such employees have key relationships with clients, knowledge of key IT systems and processes, among other skills, and are key to the successful operations and prospects of the Enlarged Group. Although the Enlarged Group intends to implement incentive plans for key personnel with a view to retaining them after the Acquisition, there can be no assurance that key personnel will not leave the TP ICAP Group, the Liquidnet Group or the Enlarged Group, following the Acquisition, either as a result of the Acquisition or for other reasons. Such attrition may take place either before the Acquisition is completed or during the Enlarged Group's integration process following the Acquisition, or thereafter. Failure of the Enlarged Group to put in place new long-term incentive plans/arrangements and otherwise remunerate employees appropriately could result in a loss of key personnel. The loss of a significant number of management or key employees could adversely affect the Enlarged Group's ability to run its businesses (through an inability to execute business operations and strategies effectively) and could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

1.5. M*anagement distraction as a result of the Acquisition or any challenges in integrating Liquidnet could have an adverse effect on the business of the Enlarged Group*

The Enlarged Group will be required to devote significant management attention and resources to integrating the Liquidnet Group's business practices and operations. Furthermore, the Enlarged Group will continue to operate businesses across multiple time zones and, although regulatory and operational decision-making will often be undertaken by each of the businesses locally, coordinating its decision-making across all the businesses in the Enlarged Group will present challenges to the Enlarged Group's management team.

Integrating the Liquidnet Group's business with the rest of the TP ICAP Group presents a number of challenges, including with respect to the integration of certain back-office capacity-covering areas such as finance, compliance, risk and legal support. There is a risk that the challenges associated with integrating the Liquidnet Group's business will distract management's attention from managing other parts of the Enlarged Group or that management will have insufficient capacity to meet the demands of integration or to manage the Enlarged Group. As a result the underlying business may not perform in line with management or shareholder expectations.

1.6. *TP ICAP has limited rights to terminate the Acquisition if an adverse event affects Liquidnet before Completion of the Acquisition*

Prior to Completion of the Acquisition, as is typical for this type of Acquisition, TP ICAP has limited rights to terminate the Acquisition Agreement. Accordingly, if an adverse event occurs that negatively affects Liquidnet's business or if Liquidnet's business performance or prospects were to decline prior to Completion of the Acquisition, the value of the Liquidnet business purchased by TP ICAP may be less than the consideration agreed to be paid by TP ICAP and, accordingly, the net assets of the Enlarged Group could be reduced. There can be no assurance that TP ICAP would be able to renegotiate the consideration paid for Liquidnet in such circumstances and TP ICAP may therefore pay an amount in excess of market value for Liquidnet, which could have an adverse effect on the Group's business, financial condition and results of operations.

1.7. *The Group may suffer reputational or financial losses arising from historical issues with respect to Liquidnet, including those that have not been disclosed to the Company*

Liquidnet has provided certain customary representations and warranties under the Acquisition Agreement and TP ICAP has obtained a representation and warranty liability insurance policy insuring against the breach by Liquidnet of such representations and warranties.

The TP ICAP Group has relied on these representations and warranties about the Liquidnet Group's business in connection with the Acquisition. If these representations and warranties are not true and correct in all material respects, the Enlarged Group may suffer losses or be unable to perform to meet expectations. If this were to occur, there can be no assurance that the TP ICAP Group would be able to recover damages under the representations and warranties liability insurance policy in relation to such breaches or losses in an amount sufficient to fully compensate the TP ICAP Group for its losses or underperformance.

In addition, Liquidnet may have historical issues of which the Company is currently unaware which, whether or not covered by the specific representations and warranties given by Liquidnet pursuant to the terms of the Acquisition Agreement, may adversely affect the reputation of the Enlarged Group.

1.8. *TP ICAP will have foreign exchange risk related to the purchase price for the Acquisition*

TP ICAP is obligated to pay the purchase price for the Acquisition in U.S. dollars. It will finance part of the consideration payable on Completion of the Acquisition through the Rights Issue, with additional non-contingent deferred consideration of US$50 million in the form of 3.20 per cent. unsecured loan notes issued by TP ICAP to certain stockholders in Liquidnet (the **Loan Notes**), the principal amount of which will be paid three years following closing of the Acquisition. In relation to the portion of the purchase price that will be financed through the Rights Issue, there could be a period of a number of months between the publication of this Circular, the receipt of the proceeds of the Rights Issue, which will be received in pounds sterling, and TP ICAP's obligation to acquire Liquidnet for payment in U.S. dollars becoming unconditional. During this time, the TP ICAP Group will be exposed to the risk of a significant appreciation in the U.S. dollar against the pound sterling. The TP ICAP Group intends to or may enter into currency hedges, in order to limit its total exposure in respect of the Acquisition to adverse currency movements, although there can be no guarantee that the TP ICAP Group will enter into any currency hedges or that such measures will be effective.

1.9. *Following the Acquisition, a greater portion of the revenues and costs of the Enlarged Group will be denominated in U.S. dollars and euros, and the Enlarged Group will therefore be subject to additional foreign exchange risk on its revenues*

Before the Acquisition, a significant portion of the revenues and a significant portion of the costs of the TP ICAP Group have been denominated in foreign currencies, particularly U.S. dollars and euros. Moreover, because of the nature of the Liquidnet business, following the Acquisition, an even greater portion of the revenues and costs of the Enlarged Group will be denominated in foreign currencies. Fluctuations in the exchange rate, particularly between the pound sterling and the U.S. dollar and the euro respectively, may lead to fluctuations in the revenues and costs of the Enlarged Group as reported in pounds sterling, which would affect its reported profits. Given the significant portion of the Enlarged Group's revenues generated in U.S. dollars and euros, a weakening of the U.S. dollar or the euro against the pound sterling may have a negative impact on the Enlarged Group's reported results of operations, which may be only partly offset by a decrease in costs denominated in U.S. dollars or euros, as applicable, as a result of such exchange rate fluctuations. The Enlarged Group may enter into hedging arrangements to mitigate some of this exposure, but there can be no assurance that the Enlarged Group will do so, that such arrangements will be available on acceptable terms, or that such hedging arrangements will be effective if entered into.

1.10. *If Completion of the Acquisition does not occur but the Rights Issue does, the TP ICAP Group may not be able to return the proceeds of the Rights Issue to Shareholders efficiently*

Although the Rights Issue will not proceed if the Resolution is not passed, the Rights Issue is otherwise not conditional upon Completion of the Acquisition, and will close before the Acquisition is expected to complete. It is therefore possible that the proceeds of the Rights Issue will be received by TP ICAP but will not be used for the purpose of the Acquisition if the Acquisition does not complete. In such circumstances, TP ICAP may determine that it is in the best interests of the Shareholders to return the proceeds of the Rights Issue in a timely and efficient manner or to retain some or all of the proceeds for general corporate purposes. There can be no assurance that the TP ICAP Group will be able to effect such a return of capital without additional tax or other costs falling on the TP ICAP Group or the Shareholders receiving such a return of capital.

1.11. *The TP ICAP Group has incurred and will incur substantial costs in connection with the Acquisition*

The TP ICAP Group has incurred and will incur significant transaction fees and other costs associated with completing the Acquisition. These fees and costs are substantial and include financing, financial advisory, legal and accounting fees and expenses. Although the TP ICAP Group believes that the benefits of the Acquisition will offset the transaction costs over time, this net benefit may not be achieved in the near term, or at all.

MATERIAL NEW RISKS TO THE ENLARGED GROUP AS A RESULT OF THE ACQUISITION AND EXISTING MATERIAL RISK FACTORS RELATING TO THE TP ICAP GROUP WHICH WILL BE IMPACTED BY THE ACQUISITION

1.12. The markets in which the TP ICAP Group and the Liquidnet Group operate, including the financial technology industry generally and the financial markets, in particular, are highly competitive and competition could intensify in the future. If the Enlarged Group is unable to continue to compete effectively for any reason, certain aspects of its business may be materially adversely affected, which could result in lower revenue, increased costs, loss of opportunities or damage to the Enlarged Group's reputation

The TP ICAP Group and the Liquidnet Group have, and the Enlarged Group will have, numerous current and prospective competitors in each of their key markets. Some of their competitors and potential competitors may have, in certain markets, larger customer bases, more established name recognition and greater financial, marketing, technology and personnel resources, or may be able to offer services that are significantly cheaper than the services offered by the Enlarged Group or that are otherwise disruptive to the Enlarged Group's market assumptions. Some of these competitors may be able to respond more quickly to new or evolving opportunities, technologies, client requirements and industry standards than the TP ICAP Group, the Liquidnet Group or the Enlarged Group, and may be able to undertake more extensive marketing activities. The Enlarged Group may also face competition in the future from new entrants, or from the introduction of new and more advanced technologies, in its markets, particularly those markets where it enjoys a scale advantage.

The Enlarged Group's competitors may be able to:

- develop services similar to those of the Enlarged Group or new services that are more attractive to clients;
- provide access to trading in products or a range of products that the TP ICAP Group or the Liquidnet Group does not currently provide, or that the Enlarged Group is unable to offer;
- provide better execution and lower transaction costs;
- adapt more swiftly to new or emerging technologies and changes in client requirements;
- provide new services to clients more quickly and efficiently;
- offer better, faster and more reliable technology to support client needs and requirements;
- take greater advantage of acquisitions, alliances and other opportunities;
- market, promote and sell their services more effectively to the clients of TP ICAP Group or the Liquidnet Group;
- hire the TP ICAP Group or Liquidnet Group's brokers and other key revenue-generating employees and key managerial staff;
- migrate products to new broking platforms or venues which could move trading activity away from the TP ICAP Group or the Liquidnet Group;
- better leverage their relationships with their clients, including new classes of clients in order to generate revenues; and/or
- offer better contractual terms to clients.

The TP ICAP Group has experienced intense price competition in its voice brokerage business in recent years. In addition, as the historical markets for OTC products shift to become more commoditised due, in part, to central counterparty clearing and electronic execution, the Enlarged Group could lose market share to other inter-dealer brokers, exchanges and electronic multi-dealer brokers who specialise in providing brokerage services in more commoditised markets or who have a broader client base. Furthermore, new or existing competitors could gain access to markets or products in which the TP ICAP Group and the Liquidnet Group currently enjoy a scale or competitive advantage. Such competitors may have a greater ability to offer new services, or provide existing services to more diverse clients, and this may result in competitors gaining market share. Even if new or existing competitors do not significantly erode the Enlarged Group's market share, they may offer their services at lower prices, and the Enlarged Group may be required to reduce its brokerage commissions to remain competitive, which could have a material adverse effect on its revenue and profitability. There can be no assurance that the Enlarged Group will have sufficient resources to continue to make discretionary investment in the development of its services to clients or that it will otherwise be successful in maintaining its current market position.

Any of the foregoing factors could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

1.13. ***The TP ICAP Group and the Liquidnet Group operate in market conditions that remain challenging across a number of product areas. The markets in which the TP ICAP Group and the Liquidnet Group operate may be subject to reduced trading activity driven by low market volumes and market uncertainty. A prolonged period of reduced market activity over the medium to longer term could significantly reduce the Enlarged Group's revenues and materially impact its profitability***

Adverse market conditions, economic conditions and geopolitical uncertainties have in the past adversely affected the revenues of TP ICAP Group and the Liquidnet Group and may in the future adversely affect the Enlarged Group's business and profitability. The TP ICAP Group's brokerage business, and the brokerage and financial services industry in general, are affected by national and international economic and political conditions and investor sentiment generally, among other factors. The TP ICAP Group generates revenue primarily from brokerage commissions it earns by facilitating and executing client orders, and its revenue is therefore substantially dependent on client trading volumes. For example, during the nine months ended 30 September 2020 and 2019, the TP ICAP Group generated 88.2 per cent. and 90 per cent. of its revenue, respectively, from its Global Broking and Energy & Commodities businesses by facilitating and executing client orders. In addition, 96.9 per cent. and 96.4 per cent. of Liquidnet Group revenues for the nine months ended 30 September 2020 and 2019, respectively, were generated from brokerage commissions, calculated on the basis of the quantity and the value of the securities being traded by clients.

Client trading volumes are determined by a number of factors, including the global level of issuance of financial instruments, price volatility of financial instruments, macroeconomic conditions, creation and adoption of new financial products, the regulatory environment, and the introduction and adoption of new trading technologies. Historically, increased price volatility has often increased trading activity and the demand for services provided by the TP ICAP Group. Conversely, the Enlarged Group's revenues and profitability are likely to decline significantly during periods of stagnant economic conditions or low trading volumes in the financial, energy and commodity markets, which can result from periods of very low market volatility (which tends to correlate to reduced trading opportunities) or extremely high market volatility which may generate structural uncertainty such that many clients have reduced risk appetite and are less willing to trade (such as the period during the initial outbreak of COVID-19 in late March 2020) resulting in a reduction in risk appetite among clients. During periods of low volatility the level of financial market activity is generally lower, and the volume of transactions undertaken by the TP ICAP Group's business on behalf of its clients tends to be lower, leading to lower revenues.

Market volatility is driven by a number of financial, economic and other factors which are, by their nature, directly affected by national and international economic and political conditions and investor sentiment that are beyond the Group's control.

In addition to the factors noted above, the following additional factors, among others, have had and may have a negative impact on the volume of transactions the Enlarged Group's clients conduct and, accordingly, on the Enlarged Group's revenue and profitability:

- economic, political and market developments, including tariffs, trade policies and decline in global trade;
- economic and operational challenges created by the ongoing COVID-19 (coronavirus) pandemic (**COVID-19**), including subsequent "waves" of infections;
- broad trends in the finance industry, including the volume of new issuances and fee levels;
- adverse market conditions, including unforeseen market closures or other disruptions in trading;
- changes in trading patterns in the relevant financial markets which depend on client confidence levels and risk appetite, both of which may be adversely affected at times when the financial markets generally are unsettled;
- price levels and price volatility in the securities, currency, commodities and other markets, changes in yield curves (particularly when yield curves are flat, and short- or long-term market rates are low, which generally correlate with lower levels of market activity) and changes in market sentiment;
- legislative and regulatory changes, including changes to financial industry regulations and tax laws, that may generate significant uncertainty in the finance industry and therefore reduce activity by the Enlarged Group's clients;

- changes in market dynamics or structures as a result of new regulations or a rapid change in the method of broking in one or more products;
- actions of competitors (see "*The markets in which the TP ICAP Group and the Liquidnet Group operate, including the financial technology industry generally and the financial markets, in particular, are highly competitive and competition could intensify in the future. If the Enlarged Group is unable to continue to compete effectively for any reason, certain aspects of its business may be materially adversely affected, which could result in lower revenue, increased costs, loss of opportunities or damage to the Enlarged Group's reputation*" above);
- changes in government and central bank monetary policies, with financial stimulus measures or the easing of monetary policy in certain markets resulting in a flattening of yield curves and the dampening of activity in certain asset classes;
- changes in interest rates, foreign exchange rates and inflation;
- availability of cash for investment by mutual funds, exchange traded funds and other wholesale and retail investors;
- credit availability and other liquidity concerns;
- concerns over credit default or bankruptcy of one or more sovereign nations or corporate entities;
- disruption and potential loss of competitive advantage from the advent or application of novel technology;
- natural disasters; and
- concerns about terrorism, war or other armed hostilities.

Material decreases in trading volumes from period to period are likely to significantly reduce the Enlarged Group's revenue, which can, in turn, significantly reduce the Enlarged Group's profit.

1.14. *The Enlarged Group's future success depends to a significant degree upon the continued contributions of key personnel, the Group's ability to recruit, train, retain and motivate personnel, and its ability to ensure that employment contract terms are appropriate and enforceable*

The Enlarged Group's future success depends upon the expertise and continued services of key personnel, including personnel involved in the management and development of its business, personnel directly generating revenue, and personnel involved in the management of control functions, and upon the continued ability of the Enlarged Group to recruit, train, retain and motivate qualified and highly skilled personnel in all areas of its business. Competition for senior executives and management personnel in the Enlarged Group's industry is intense, and the Enlarged Group may not be able to attract and retain qualified personnel or replace members of senior management or other key personnel. Although the TP ICAP Group and the Liquidnet Group seek, and the Enlarged Group will seek, to ensure there are appropriate succession plans in place to lessen the impact of the departure of key personnel or a team of front office (i.e. revenue-generating) staff, the departure of one or more key personnel may nevertheless have a material adverse effect on the Enlarged Group's business, financial condition and results of its operations. Additionally, employment contracts with key personnel featuring minimum notice periods, non-compete provisions and fixed terms with staggered renewal dates may prove insufficient to protect against loss of such key personnel. Moreover, in common with its competitors, certain of the TP ICAP Group's employment agreements contain terms under which it may be obliged to make payments to its employees in excess of the actual economic benefit accrued by the business from the employee's services during certain periods. In addition, the Liquidnet Group maintains a contractual severance policy applicable to certain of its employees that may require it to make payments in excess of what is statutorily required upon employee termination. Such agreements and policies may adversely affect the Enlarged Group's profitability.

The TP ICAP Group and the Liquidnet Group compete, and the Enlarged Group will compete, with other interdealer brokers and data providers for experienced client-facing personnel, and the level of such competition is intense. Such competition may significantly increase front office personnel costs or the Enlarged Group may lose such front office personnel to competitors, potentially resulting in the loss of capability, client relationships and expertise. In addition, the Enlarged Group's competitors may also seek to hire large teams of front office personnel from the Enlarged Group. If the Enlarged Group is unable to attract and retain highly skilled front office personnel, or if it incurs increased costs associated with attracting and retaining such personnel through higher compensation or additional benefits, this could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's continuing ability to recruit, train, retain and motivate personnel and to ensure that employment contract terms are appropriate and enforceable is essential to the Enlarged Group's performance and ability to effectively execute on its business model and growth strategy. Any factors that degrade the Enlarged Group's ability to recruit, train, retain and motivate its key personnel, including potentially the Acquisition or the management of the Enlarged Group, may adversely affect the Enlarged Group's operational and financial performance. In addition, if the Enlarged Group fails to adequately assess the training needs of its employees and key personnel, including those relating to internal and regulatory compliance, and technology, or fails to deliver appropriate training, the Enlarged Group's reputation and its ability to compete in its industry may be harmed, which could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

1.15. *To remain competitive, the Group must continue to invest in the development of its business and the failure to realise the benefits of such investments could adversely affect the Group's business, financial condition and results of operations. Changes in the risk profile of the Group as a result of developing its business could also result in new, or increased exposure to, risks that could negatively impact the Group*

The markets in which the TP ICAP Group and the Liquidnet Group operate are dynamic and in order to remain competitive, the Enlarged Group will be required to invest in the development of its business to respond to changes in client demand. Such business development activity may include enhancing the Enlarged Group's technological capabilities to support the trend towards electronification as well as investing in other product innovations and new technologies, hiring brokers, opening offices in new countries, expanding existing offices, providing broking and other services in new product markets, serving different types of clients and undertaking activities through different business models. Such investments may result in changes in the risk profile of the Enlarged Group, for example by exposing the Enlarged Group to economic and political conditions in new markets as well as to new regulatory regimes. In addition, the Enlarged Group may fail in its attempts to successfully introduce or integrate enhanced versions of its electronic trading platforms, onboarding processes, new services and/or service enhancements in a timely or cost-effective manner, or may fail to gain client acceptance of such enhancements, which could both result in increased costs and harm its competitive position. Additionally, the Enlarged Group may be unable to successfully customise its approach to electronification in each of its product categories to reflect the relevant market structure characteristics, which could further harm its competitive position. Furthermore, investing within existing markets may similarly increase the Enlarged Group's exposure to particular risks within such markets or increase the applicable oversight of the Group by its existing regulators. Any failure to manage changes in the Enlarged Group's risk profile or to realise the benefit of investments in its business, either due to management decision-making or as a direct result of regulatory action, may result in the failure to achieve any or all of the anticipated benefits of such investments or result in the costs of delivering such benefits exceeding the anticipated costs, all of which could adversely affect the Enlarged Group's business, financial condition and results of its operations.

1.16. *Damage to the Enlarged Group's reputation and other consequences of perceived or actual failures in governance or regulatory compliance, or in operational or financial controls, may materially and adversely impact the Enlarged Group*

The Enlarged Group's ability to operate, to attract and retain clients and employees, or to obtain appropriate financing or capital may be adversely affected as a result of its reputation being harmed. As counterparties in wholesale financial markets and key providers of financial data, the TP ICAP Group's and the Liquidnet Group's clients rely on their integrity and probity. If the Group fails, or appears to fail, to operate with integrity or to deal promptly and effectively with reputational issues, its reputation and in turn its business, financial condition and results of operations may be materially harmed. Such reputational issues include, but are not limited to:

- appropriately dealing with actual or potential conflicts of interest;
- complying with all applicable legal and regulatory requirements;
- effectively managing client relationships and ensuring appropriate communication with clients;
- avoiding claims of discrimination;
- maintaining effective anti-money laundering, anti-terrorist financing and anti-corruption procedures;
- ensuring effective data security, privacy, recordkeeping, sales and trading practices;
- ensuring effective control and use of its proprietary data and intellectual property adequately;

- properly identifying and managing the legal, reputational, credit, liquidity and market risks inherent in its business; and
- ensuring full compliance with applicable corporate governance and reporting requirements.

Any failure by the Enlarged Group to address these or any other issues could adversely affect its reputation, which could result in losses of front office personnel and clients, reduce its ability to compete effectively and result in potential litigation and regulatory actions and penalties against the Enlarged Group, all of which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

1.17. ***The Enlarged Group's businesses may face concentration risk as a result of the fact that a small number of clients represent a disproportionate amount of revenue***

Certain of the TP ICAP Group's and the Liquidnet Group's businesses derive a significant proportion of their revenues from a limited number of clients, particularly the trading desks of global investment banks for the TP ICAP Group and large institutional investors for the Liquidnet Group, and rely on these clients, for a significant proportion of their respective trading volume. Loss of significant trading volumes from any of these key clients to competitors or otherwise may adversely impact the Group's financial performance.

In addition, consolidation or withdrawal from certain trading activities among the Enlarged Group's key clients may cause revenue to be dependent on an even smaller number of clients and may result in additional pricing pressure for the Enlarged Group's products and services. If certain of the Enlarged Group's clients were to consolidate, or significantly reduce their trading activities, and new clients did not generate offsetting additional volumes of transactions, the Enlarged Group's revenue would become concentrated in a smaller number of clients. If the Enlarged Group is dependent on a smaller number of clients, the Enlarged Group's revenue may be even more dependent on continued good relationships with such clients and any adverse change in those relationships could materially adversely impact the Enlarged Group's revenue.

1.18. ***The failure, loss of or disruption to the Enlarged Group's key software, infrastructure or information systems could limit the Enlarged Group's ability to conduct its operations and materially adversely impact the Enlarged Group***

The TP ICAP Group and the Liquidnet Group are dependent on the capacity, reliability and performance of the computer and communications systems supporting their respective operations, whether owned and operated internally or by third parties, and on the integrity of the data held within and used by such systems. These systems include broking platforms essential to transacting business and middle office and back office systems required to record, monitor and settle transactions as well as order book and order reconciliation tools. Many of these systems are concentrated at the TP ICAP Group's and the Liquidnet Group's data sites and, in the event of loss or failure, would be difficult to replicate. While these systems are mirrored by duplicated recovery systems that are regularly tested, these back-up systems and any switch to them may not be as resilient as expected or may not perform at the same capacity as the primary operating system. Any failures, glitches or outages could impact the Enlarged Group's availability and ability to perform its core broking and related services.

Furthermore, the TP ICAP Group and the Liquidnet Group transitioned their workforces (including approximately 2,000 TP ICAP interdealer brokers) to working from home during the COVID-19 pandemic. Even with the approval of the Enlarged Group's respective financial regulators, the large number of interdealer brokers working remotely increases the risks and challenges associated with the Enlarged Group's computer and communications systems, including those relating to network connectivity, cybersecurity and handling of confidential data, as they are reliant on the computer and communications infrastructure at the relevant employees' work locations and third-party network providers.

The TP ICAP Group has in the past experienced, and may experience in the future, incidents with its information technology (**IT**) systems and infrastructure. Although none of these historical incidents have resulted in a material adverse impact on the TP ICAP Group's business or that of its clients, there can be no assurance that future IT incidents will not result in material disruptions to the Enlarged Group's systems or that the Enlarged Group's remedial measures will be sufficient to prevent any further disruptions. If any of the Enlarged Group's critical processes or systems do not operate properly, are disabled or are subject to unauthorised access, misuse, hacking and the release of confidential information or computer viruses, the Enlarged Group's ability to perform effective broking and related services could be materially impaired and the Enlarged Group may suffer reputational harm or be subject to litigation and regulatory inquiries, proceedings or penalties, which may be material. The performance of the Enlarged Group's IT and communications systems could deteriorate or fail for any number of reasons, including power disruptions, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, client error or misuse, lack of proper maintenance or monitoring, loss of data, data disruption and similar events. Any such deterioration or failure could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

A failure to maintain an adequate infrastructure commensurate with the size and scope of its business, or a failure to maintain the Enlarged Group's IT systems and networks properly or to upgrade and expand such systems in response to technological change, or to accommodate the growth of its business, could limit the Enlarged Group's ability to conduct its operations, impede the ability of the Enlarged Group to implement its strategy and prevent the Enlarged Group from expanding its business operations. These systems are supported by in-house technical teams and third party service providers. Failure by these personnel or external third parties could contribute to the failure of these systems. If a system degradation or failure were to occur, it could cause, among other things: significant disruptions in service to the Enlarged Group's clients, slower response times, delays in trade execution, failed settlement of trades, and incomplete or inaccurate accounting, recording or processing of trades.

Failure of the communications and IT systems and facilities on which the Enlarged Group relies may lead to significant financial losses, reputational harm, litigation or arbitration claims filed by or on behalf of its clients and regulatory inquiries, proceedings, fines or sanctions. In addition, the business operations, IT systems and processes of the Enlarged Group, as well as the systems and processes of its third party providers, are vulnerable to damage or interruption from fires, floods, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These operations and systems may also be subject to sabotage, vandalism, theft and similar misconduct, whether from employees or third-parties. The TP ICAP Group and the Liquidnet Group operate, and the Enlarged Group will operate in major centres around the world, and, despite any business continuity and disaster recovery arrangements that the Enlarged Group may have, any event causing significant disruption in any such centres or cities in the world (which may prevent the Enlarged Group's employees from travelling to or occupying its offices, including the COVID-19 pandemic) or any major disruption to its communications, data transmission systems and data centres could have a material adverse effect on its ability to continue to operate significant parts of its business. The Enlarged Group's insurance policies may only partially reimburse the losses suffered or may not cover certain losses which are too remote or losses which are otherwise excluded from the policy. Any claims made under the Enlarged Group's insurance policies may also negatively impact future insurance policy premiums. Any such failure could also have a negative effect on the Enlarged Group's reputation and an adverse effect on the Enlarged Group's business, financial condition and results of operations.

The secure transmission of confidential client and market information over public and private networks is a critical element of the TP ICAP Group's and the Liquidnet Group's operations. These networks and those of the third-party service providers and counterparties with whom the TP ICAP Group and the Liquidnet Group trade, and the networks of their respective clients may be vulnerable to unauthorised access, computer viruses and other security problems, including the inadvertent dissemination of non-public information by the TP ICAP Group and the Liquidnet Group. Since techniques used to obtain unauthorised access or to sabotage computer systems change frequently and generally are not recognised until used against a target, the Enlarged Group may be unable to successfully anticipate these techniques or to implement adequate preventative measures. The activities of the TP ICAP Group and the Liquidnet Group also require the recording, storing, manipulation and dissemination of significant amounts of data. While the TP ICAP Group and the Liquidnet Group maintain electronic and physical security measures, loss of data integrity could occur. In addition, the General Data Protection Regulation (Regulation 2016/679) (**GDPR**) imposes significant financial and other penalties on companies for misuse of client data.

Any failure by the Enlarged Group to maintain the confidentiality of information or other data security failures could impact the Enlarged Group's reputation, and result in significant regulatory penalties, litigation and financial losses, which could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

1.19. ***The TP ICAP Group and the Liquidnet Group operate in a rapidly evolving business and technological environment. The Enlarged Group must continue to adapt its business and keep pace with technological innovation in order to compete effectively. If the Enlarged Group fails to replace, upgrade and expand its IT and communications systems in response to technological or market developments, its business may suffer and the Enlarged Group may be exposed to an increased risk of operational loss events***

Both the TP ICAP Group and the Liquidnet Group rely on the constant availability of the IT and communications systems and networks that they currently operate. Any failure to maintain these systems and networks adequately could have a material effect on the performance and reliability of such systems and networks, which in turn could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

The markets in which the TP ICAP Group and the Liquidnet Group operate, and in which the Enlarged Group will operate, are characterised by rapidly changing technology, evolving client demands and uses of their services, frequent product and service introductions employing new technologies, and the emergence of new industry standards and practices that could render its existing technology and systems obsolete. The Enlarged Group's success will depend in part on its ability to anticipate and adapt to technological advances, evolving client demands and changing standards in a timely, cost-efficient and competitive manner and to upgrade and expand its systems accordingly. A particular risk faced by the Enlarged Group is the development by competitors of new and superior electronic trade execution or market information products that gain acceptance in the market. These products could give competitors a "first mover" advantage that may be difficult for the Enlarged Group to readily overcome with its own technology. Furthermore, changes in existing laws and regulations may require the Enlarged Group to develop and maintain new brokerage systems, services or functionalities in order to meet the standards set forth in such regulations or as may be required by regulators. There can be no assurance that the Enlarged Group will successfully implement new technologies or adapt its hybrid brokerage systems and transaction-processing systems to meet clients' requirements or emerging regulatory or industry standards.

Any upgrades or improvements in technology and the use of technology may require significant capital expenditure. In the longer term, the Enlarged Group may not have sufficient resources to update and expand its systems adequately, and any upgrade or expansion attempts may not be successful and accepted by the marketplace, its clients or its regulators. Any failure by the Enlarged Group to update and expand its systems and technology adequately or to adapt its systems and technology to evolving client demands or emerging industry standards would have a material effect on the Enlarged Group's ability to serve its clients or its compliance with applicable law and regulations, which could have an adverse effect on the Group's business, financial condition and results of operations.

1.20. ***Financial services regulation and legislation has undergone and is anticipated to continue to undergo significant changes and developments. Changes in market dynamics or structure as a result of new or amended regulations directly or indirectly affecting the Group's activities or its clients, or a rapid change in the method of broking in one or more products, are difficult to accurately predict. The timing, scope or form of future regulatory initiatives could significantly harm the Enlarged Group's ability to serve its clients and maintain its profitability***

In response to geopolitical factors, regulators worldwide continue to adopt an increased level of scrutiny in supervising the financial markets, and have been developing a number of new regulations and other reforms designed to strengthen the integrity and stability of the financial system and to improve the operation of the world's wholesale financial markets. It is difficult to accurately predict the timing, scope or form of future regulatory initiatives or reforms, although it is widely expected that there will continue to be a substantial amount of regulatory change and a high degree of supervisory oversight of regulated financial services firms. Certain of the detailed rules and regulations are still in the process of being finalised, and some of those that have already been agreed are being phased in over time. In addition, under certain principles-based rules and regulations, there may be different views within the industry about how to achieve particular outcomes. Regulators may from time to time have varying approaches to ensuring market participants meet regulatory outcomes, and the interpretations of regulators may therefore differ from generally accepted market practice. These and future changes in regulations and other reforms may affect the Enlarged Group's business directly, through their impact on the way in which trading in one or more OTC product markets is undertaken (which may reduce the role of interdealer brokers as intermediaries in those markets) or by the introduction of rules and requirements that the Enlarged Group operate as an intermediary which the Enlarged Group is unable to respond to satisfactorily. Such regulatory changes may also have an indirect effect through their impact on the Enlarged Group's clients and their willingness and ability to trade.

As a result, the TP ICAP Group and the Liquidnet Group face, and the Enlarged Group will face, a significant compliance challenge in light of an operating environment with continually evolving rules and regulations. Supervisory authorities around the world are assuming an increasingly active and assertive role in introducing, interpreting and enforcing regulations in the jurisdictions in which the TP ICAP Group and the Liquidnet Group operate. Any inability of the Enlarged Group to adapt or deliver services that are compliant with new regulations could materially adversely affect its competitive position and therefore reduce its business prospectus, financial condition, and results of operations. To date, the TP ICAP Group and the Liquidnet Group have been required to incur certain additional costs to comply with the new regulations, and even if successful in adapting its services to new regulations, the costs of making those adaptations or otherwise complying with such regulations have in the past increased, and may in the future increase, significantly the cost base of the Enlarged Group, thereby reducing profitability. There is also a possibility that further regulations and reforms affecting the OTC markets, including in respect of the production or sale of market data and reference rates, may be introduced that may adversely affect the role of interdealer brokers or may introduce requirements or rules that the Enlarged Group is unable to meet.

1.21. ***The Enlarged Group may face material liabilities as a result of ongoing or future legal and regulatory cases or may incur significant costs associated with legal action taken to defend its business, employees, rights and assets, including its intellectual property***

Many aspects of the TP ICAP Group's and the Liquidnet Group's businesses, and the businesses of their clients, involve substantial risks of liability. Dissatisfied clients may make claims regarding quality of trade execution, improperly settled trades or mismanagement against the Enlarged Group. The Enlarged Group may become subject to these claims as the result of failures or malfunctions of its IT systems, other brokerage services or of the data and analytics services provided by the Enlarged Group, and third parties may seek recourse for any losses. While the TP ICAP Group and the Liquidnet Group attempt to limit their liability to clients through the use of written or "click-through" agreements, they do not have liability caps in place with all clients. Accordingly, the Enlarged Group could incur significant legal expenses defending claims, even those without merit. An adverse resolution of any lawsuit or claim against the Enlarged Group could result in an obligation to pay substantial damages.

The Enlarged Group may also be subject to other claims of economic or reputational significance, whether by a third party or an employee. Such claims could include actions arising from acts inconsistent with employment law, health and safety laws, contractual agreements, from infringements of intellectual property rights, (including infringements by entities acquired or to be acquired by the Enlarged Group), or from personal injury, diversity or discrimination claims. The Enlarged Group may incur significant costs in defending any claims, or if any such action is successful, in making payments to resolve the action and may suffer reputational damage.

From time to time, the Enlarged Group may be engaged in litigation in relation to a variety of matters and the Enlarged Group may be required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews. The Enlarged Group's reputation may be damaged by any involvement, or the involvement of any of its employees or former employees, in any regulatory investigation and by any allegations or adverse findings, even where the associated fine or penalty is not material. The Enlarged Group's reputation may also be damaged by association in cases of regulatory investigations into or allegations or findings of fraud or other material misconduct relating to one of its competitors or clients or any of their employees. If the Enlarged Group or any of its employees were to be implicated in any misconduct uncovered by a regulatory investigation, the Group may be subject to the imposition of substantial fines and penalties. Moreover, any involvement of the Enlarged Group in any such regulatory investigation and in proceedings resulting from any allegations or findings arising therefrom may place significant strain on management time and resources. The TP ICAP Group is currently involved in a number of ongoing legal and regulatory cases where the outcome and any potential liability are subject to varying degrees of uncertainty. The eventual actual outcome and any potential liability of such matters may have a material impact on the Group's profitability or performance. Adverse outcomes in the LIBOR class actions, which relate to allegations of LIBOR manipulation for various currencies, could have a material impact on the Group's reputation and financial condition. For further information regarding certain ongoing legal and regulatory cases, see paragraph 10 "*Litigation*" of Part 6—"*Additional Information*".

In the normal course of business, the Enlarged Group may enter into guarantees and indemnities from time to time in order to cover trading arrangements. To the extent the Enlarged Group is held financially responsible or faces any liability as a result of such guarantees and indemnities, the Enlarged Group's business, results of operation, financial condition and/or prospects may be adversely impacted. In addition, as the TP ICAP Group and the Liquidnet Group have diverse workforces that include a large number of highly paid investment professionals, the Enlarged Group may face lawsuits relating to employment compensation claims, which may individually or in the aggregate be significant in amount. The TP ICAP Group and the Liquidnet Group consider that such claims are more likely to occur in the current environment and in situations where previously highly-compensated employees are terminated for performance or efficiency reasons. The cost of settling such claims should it be required could adversely affect the Enlarged Group's business, financial condition and results of operations. Also, as a listed and regulated company, the Enlarged Group may be subject to the risk of investigation or litigation by certain parties including, without limitation, its regulators and public shareholders arising from an array of possible claims, including investor dissatisfaction with the performance of its businesses or its share price, allegations of misconduct by its officers and directors or claims that it has inappropriately dealt with conflicts of interest.

The Enlarged Group may take legal action against third parties to enforce its contractual, intellectual property and other legal rights where it believes that those rights have been violated and that legal action is an appropriate remedy. However, the steps the TP ICAP Group and the Liquidnet Group have taken, or the Enlarged Group may take, in order to protect contractual, intellectual property and other legal rights may prove to be inadequate and such actions may not be successful or may expose the Enlarged Group to significant reputational risk or liability arising from counter-claims. Action taken to exercise the Enlarged Group's contractual, intellectual property and other legal rights may be expensive, protracted, and involve significant managerial resources, any of which may result in an adverse impact on the Enlarged Group's financial position taken as a whole.

If the Enlarged Group is required to incur all or a portion of the costs arising out of litigation or investigations, it could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects. Furthermore, any such litigation or investigation could be protracted, expensive and highly damaging to the Enlarged Group's reputation and consume significant management time, even if underlying claims are without merit. In addition, the Enlarged Group may participate in or initiate litigation proceedings (including the enforcement of contractual rights) from time to time, and participating in such proceedings may expose the Enlarged Group to significant reputational risk and as well as a risk of liability arising from counter claims against the Enlarged Group. Any of the foregoing factors could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

PART 3

Principal Terms and Conditions of the Acquisition

1. Overview

The Acquisition will be effected by way of a merger of Merger Sub with and into Liquidnet such that, subject to the terms and conditions set out in the Acquisition Agreement, Liquidnet will be the surviving corporation and become a wholly-owned indirect subsidiary of New TP ICAP. On Completion of the Acquisition, the separate corporate existence of Merger Sub will terminate.

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 $525 million in cash and a further $50 million of non-contingent deferred consideration comprising the Loan Notes. TP ICAP will pay up to a further $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, to the extent payable, will be paid 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 up to a certain amount for their shares will receive that consideration in cash on Completion of the Acquisition. However, any Liquidnet stockholder who would be entitled to consideration of or above that amount will receive a combination of cash and Loan Notes on Completion of the Acquisition. TP ICAP will constitute the Loan Notes and enter into the Escrow Agreement on Completion of the Acquisition.

The principal terms of each of the Acquisition Agreement, the Loan Notes, the Support Agreement and the Escrow Agreement are summarised below.

2. Acquisition Agreement

2.1 Parties and structure

The Acquisition Agreement was entered into on 9 October 2020 between TP ICAP, Liquidnet, Merger Sub and the Securityholder Representative (solely in its capacity as a representative of Liquidnet's stockholders) to give effect to the Acquisition. Merger Sub was incorporated on 11 September 2020 as a wholly-owned subsidiary of TP ICAP for the purposes of the Acquisition. The Securityholder Representative is appointed by the stockholders of Liquidnet to act as their agent, attorney-in-fact and representative for all purposes in connection with the Acquisition Agreement. Pursuant to the terms of the Acquisition Agreement, Liquidnet and Merger Sub have conditionally agreed to merge such that Liquidnet will be the surviving company and wholly-owned subsidiary of TP ICAP.

2.2 Consideration

The consideration for the Acquisition is an aggregate of:

(a) initial consideration of $525 million (subject to customary adjustments) payable in cash on Completion of the Acquisition;

(b) deferred consideration of $50 million, to be paid on the third anniversary of Completion of the Acquisition, represented by the Loan Notes;

(c) up to a further $125 million, depending on the revenue performance of Liquidnet's Equities business over a three-year period commencing on 1 January 2021, which to the extent payable shall be paid in cash shortly following the end of this three-year period.

The Acquisition will be financed through a combination of the proceeds of the Rights Issue, draw down of 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 the Rights Issue so as to preserve the regulatory capital of the Enlarged Group.

The Rights Issue is expected to raise proceeds of approximately $425 million. The additional $100 million of the initial consideration will be financed through the Group's existing debt facilities.

At Completion of the Acquisition, TP ICAP and the Securityholder Representative will enter into an escrow agreement with U.S. Bank for the latter to act as escrow agent. At Completion of the Acquisition, TP ICAP will deliver $20 million of the initial consideration to U.S. Bank to serve as a security for, and the source of payment of, TP ICAP's rights to any post-Completion of the Acquisition adjustment of the initial consideration. The Liquidnet stockholders' aggregate liability in respect of any post-Completion of the Acquisition adjustment is capped at $20 million, which TP ICAP considers to be sufficient for the purposes of any post-Completion of the Acquisition adjustment to the initial consideration. U.S. Bank will also serve as paying agent for the distribution of the initial cash consideration and the Loan Notes.

The initial consideration will be subject to customary post-completion adjustments. The initial consideration will be increased by the amount of excess cash of Liquidnet at Completion of the Acquisition and decreased by the amount of indebtedness and unpaid transaction expenses of Liquidnet. The consideration will also be adjusted by the amount by which Liquidnet's working capital at Completion of the Acquisition is greater than or less than the target working capital amount. If the amount of these adjustments is greater than the consideration paid at Completion of the Acquisition, TP ICAP will pay the excess amount to the Liquidnet stockholders and the funds held in the escrow account will also be paid over to the Liquidnet stockholders. If the amount of these adjustments is equal to or less than the consideration paid at Completion of the Acquisition, the amount of such shortfall will be paid to TP ICAP and the remaining funds, if any, will be paid over to the Liquidnet stockholders.

2.3 Conditions

Under the terms of the Acquisition Agreement, TP ICAP and Liquidnet are required to use reasonable best efforts to procure that each of the conditions to closing for which they are responsible is satisfied as soon as practicable and no later than the date falling 12 months from the date of the Acquisition Agreement.

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 Shareholders at the General Meeting.

Completion of the Acquisition is also conditional upon the satisfaction (or, where applicable, waiver) of the conditions set out in the Acquisition Agreement, which include, among others:

(a) certain regulatory approvals, including in particular the approval of the FCA, FINRA, CBI, SFC and MAS;

(b) the Scheme becoming effective and New TP ICAP Admission having occurred;

(c) the Resolution being passed by TP ICAP shareholders at the General Meeting;

(d) Admission having occurred; and

(e) the representations and warranties of TP ICAP, Liquidnet and Merger Sub being true and correct except as would not have a material adverse effect on TP ICAP or Liquidnet, as the case may be.

2.4 Conduct of business pre-Completion of the Acquisition

Liquidnet has agreed that, subject to customary exceptions, it will use its commercially reasonable efforts to conduct and preserve its business and the business of its subsidiaries in the ordinary course of business in all material respects, including to preserve intact its business organisation, maintain its rights and ongoing operations, retain the services of and maintain and preserve its relationship with its officers, employees and consultants and maintain and preserve its relationship with its customers, suppliers, licensors, licensees, creditors, lessors and others having business relationships with it and that, among others, certain specific actions (being customary in a private acquisition) will not be taken without the prior written consent of TP ICAP prior to Completion of the Acquisition, including incurring any indebtedness; making or declaring any dividend; and issuing new shares or granting any stock options, stock appreciation rights, performance shares, restricted stock units, restricted shares or other equity-based awards or interests.

2.5 Representations, warranties and limitations on liability

Liquidnet has given representations and warranties to TP ICAP which are customary for a transaction of this nature, including in respect of its power and authority to enter into and perform the Acquisition Agreement and representations and warranties relating to its business, including its tax position, financial information, litigation, material contracts, compliance with laws, employee-related matters, insurance, real estate, intellectual property, information security and anti-corruption. These representations and warranties given by Liquidnet will be repeated at Completion of the Acquisition. Liquidnet has also given representations and warranties to TP ICAP in relation to certain information included in this document and the New TP ICAP Prospectus relating to itself.

TP ICAP has obtained representations and warranty insurance up to a maximum coverage of $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 per cent. 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 shall be under the insurance policy. The Acquisition Agreement also contains other customary limitations and exclusions on liability.

2.6 Termination and break fee

The Acquisition Agreement may be terminated at any time prior to Completion of the Acquisition by mutual consent of TP ICAP and Liquidnet, or by either party if: (i) a governmental authority that must grant a requisite regulatory approval has been denied its approval of the Acquisition; (ii) Completion of the Acquisition has not occurred on or before the first anniversary of the Acquisition Agreement; (iii) there has been a breach of any of the covenants or agreements or any of the representations or warranties set out in the Acquisition Agreement by a party, which breach or failure, to be true, would constitute a failure of such party's obligation to satisfy the conditions to Completion of the Acquisition; (iv) the Resolution is not duly passed at the General Meeting; (v) the Scheme Resolutions are not passed at the Scheme Meetings; or (vi) the Court refuses to sanction the Scheme before 7 April 2021. Liquidnet may terminate the Acquisition Agreement if: (a) TP ICAP or the board of directors of TP ICAP has (i) changed its recommendation of the Acquisition (a **Recommendation Change**); or (ii) breached its obligations under the Acquisition Agreement; (b) a vote on the Resolution at the General Meeting has not been held before 6 February 2021; (c) Admission has not occurred before 26 February 2021; or (d) the Scheme has not become effective or New TP ICAP Admission has not occurred before 7 April 2021.

If the Acquisition Agreement is terminated in circumstances where: (i) the General Meeting is not convened and held by the requisite time and date; (ii) there is a Recommendation Change; (iii) the Resolution is not passed with the requisite majority at the General Meeting; (iv) the Scheme Resolutions 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) Admission does not occur by the requisite time and date, TP ICAP must pay a break fee to Liquidnet of approximately $17 million (approximately £13 million), being an amount equal to 1 per cent. 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 there is a Recommendation Change, if TP ICAP is unable to hold a vote on the Resolution at the General Meeting by the requisite time and date or if TP ICAP is unable to ensure that the Scheme becomes effective by the requisite time and date, New TP ICAP Admission occurs by the requisite time and date or Admission occurs by the requisite time and date, in each case, because of:

(a) a material misstatement or omission in any information provided by Liquidnet to TP ICAP for the purposes of preparation of this Circular, the Prospectus or the New TP ICAP Prospectus; or

(b) a material breach of the representations and warranties relating to the information provided by Liquidnet for the preparation, verification or finalisation of this document, the Prospectus or the New TP ICAP Prospectus.

2.7 Governing law

The Acquisition Agreement is governed by the laws of the state of Delaware.

2.8 Letter agreement relating to the Acquisition Agreement

On 9 October 2020, TP ICAP and Liquidnet, among others, entered into a letter agreement (the **Letter Agreement**) to provide for certain arrangements referred to in the Acquisition Agreement relating to an employment claim brought against Liquidnet by a former employee alleging discrimination based on sex, sexual exploitation and retaliation (the **Identified Action**). Pursuant to the terms of the Letter Agreement, if there is no full and final settlement of the Identified Action on or before Completion of the Acquisition, Liquidnet and TP ICAP have agreed that a separate escrow account shall be established and funded by deducting from the cash consideration payable to Liquidnet stockholders on Completion of the Acquisition an amount equal to $2 million. This amount shall be available to reimburse the Enlarged Group for any and all amounts paid out-of-pocket to the extent arising out of or resulting from claims, losses and damages (including reasonable attorneys' and consultants' fees and expenses) to the extent arising out of or resulting from the Identified Action and shall accordingly reduce the consideration paid to Liquidnet stockholders in connection with the Acquisition.

Until such time as the losses arising out of or resulting from the Identified Action exceed or are reasonably expected to exceed the amount in the separate escrow account, the defence and management of the Identified Action shall be with the unanimous consent of the members of the advisory committee of the Liquidnet stockholders (the **Advisory Committee**) or their designees, in consultation with Liquidnet's insurers and TP ICAP. The Advisory Committee may direct Liquidnet to enter into any settlement that solely involves the payment of monetary damages (including any fees and costs) not in excess of the amounts remaining in the separate escrow account, without an admission of wrongdoing on behalf of Liquidnet or its officers or directors, and provides for a complete release of Liquidnet and its officers, directors, employees and affiliates, without TP ICAP's consent. If the Advisory Committee directs Liquidnet to settle the Identified Action without TP ICAP's consent, TP ICAP will be reimbursed for any amount paid by Liquidnet pursuant to that settlement out of the escrow account and the consideration paid to Liquidnet stockholders will be reduced accordingly. The Advisory Committee may not direct the Company to enter into or effect any other settlement of the Identified Action without the prior written consent of TP ICAP, which consent shall not be unreasonably withheld, delayed or conditioned.

Liquidnet stockholders' aggregate liability in respect of the Identified Action is limited to the amount placed in the separate escrow account established for this purpose. However, the maximum potential financial impact of the Identified Action, and the amount of any adjustment that may be made to the consideration payable to the Liquidnet stockholders, are not material in the context of the Acquisition.

3. Loan Note Instrument

3.1 Form and status

The Loan Notes will be issued by either TP ICAP or New TP ICAP (at TP ICAP's discretion) in registered form. The Loan Notes will, on issue, be direct, unconditional, unsubordinated and unsecured obligations of the issuer and will rank *pari passu*, without any discrimination or preference between them, among themselves and with all other unsecured and unsubordinated obligations of the issuer from time to time outstanding, except to the extent provided by law.

3.2 Interest

The Loan Notes shall bear interest of 3.2 per cent. per annum. Interest will be payable on each anniversary date of the Loan Note Instrument.

3.3 Transferability

Subject to certain procedural formalities being complied with, the Loan Notes shall be transferable.

3.4 Listing

No public offer of any Loan Note for subscription or sale shall be made and the Loan Notes shall not be capable of being dealt in on any stock exchange, recognised investment exchange or multilateral trading facility and, accordingly, no application shall be made to any such stock exchange, recognised investment exchange or multilateral trading facility for permission to deal in or for an official or other listing in respect of the Notes.

3.5 Repayment

TP ICAP may at any time, without penalty, by serving at least five business days' written notice on the Noteholders, repay at par all of the Notes or part only of the Notes pro rata to the principal amount of Notes held by each Noteholder. To the extent not previously repaid, purchased by TP ICAP or cancelled, the Loan Notes will be repaid in cash by TP ICAP at par on the third anniversary of the date of Completion of the Acquisition.

3.6 Acceleration

The Noteholders may, by ordinary resolution, require the issuer to repay at par all of the Loan Notes, together with all accrued interest if, among other things:

(a) the issuer fails to pay within 14 days of the due date any principal payable or interest required to be satisfied but which has not been satisfied in respect of the Loan Notes held by that Noteholder;

(b) an order is made by a competent court or an effective resolution is passed for the winding-up of the issuer (other than a voluntary winding-up for the purposes of an amalgamation, reconstruction or merger on terms previously approved by an ordinary resolution); or

(c) any indebtedness of the issuer or any material subsidiary is not paid when due or (as the case may be) within any applicable grace period, provided that the amount of such indebtedness individually or in the aggregate exceeds £20 million (or its equivalent in any other currency or currencies).

The Noteholders may, by ordinary resolution, require the issuer to repay at par all of the Notes held by him/her, together with all accrued interest that has not otherwise been satisfied, if a change of control occurs.

3.7 Negative pledge

So long as any of the Loan Notes remains outstanding, the issuer shall not, and shall procure that none of its material subsidiaries will, create or permit to subsist any security interest upon the whole or any part of their respective present or future undertaking, assets or revenues (including uncalled capital) to secure any indebtedness in the form of or represented by any bond, note, debenture, loan stock or similar instrument or a guarantee of such indebtedness of the issuer without: (i) at the same time or prior thereto securing the Loan Notes equally and rateably therewith; or (ii) providing such other security for the Loan Notes as may be approved by an ordinary resolution of Noteholders.

3.8 Governing law

The Loan Note Instrument shall be governed by English law.

4. Support Agreement

Certain stockholders in Liquidnet, representing (i) more than 50 per cent. of the issued and outstanding common stock in Liquidnet; and (ii) 100 per cent. of the issued and outstanding preferred stock in Liquidnet, entered into support agreements with TP ICAP, pursuant to which, among other things, such persons irrevocably voted by written consent all of their shares in the capital of Liquidnet in favour of the approval and adoption of the Acquisition Agreement and the Acquisition.

5. Escrow Agreement

On or before Completion of the Acquisition, TP ICAP, the Sellers' Representative and U.S. Bank N.A. will enter into an escrow agreement pursuant to which $20 million of the initial cash consideration will be paid into an escrow account which will be used for any post-Completion of the Acquisition adjustment of the initial consideration payable by Liquidnet stockholders to TP ICAP (the **Escrow Agreement**). The Liquidnet stockholders' aggregate liability in respect of any post-Completion of the Acquisition adjustment is capped at the escrow amount.

PART 4

Historical Financial Information relating to the Liquidnet Group

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part 4 (*Historical Financial Information relating to the Liquidnet Group*).

Section A: Unaudited Historical Financial Information relating to the Liquidnet Group as at and for the Nine Months ended 30 September 2020 and 2019

1. Consolidated Income Statement

The unaudited historical financial information relating to the Liquidnet Group for the nine months ended 30 September 2020 and 30 September 2019 set out below has been prepared in a form that is consistent with the accounting policies adopted in the Company's interim accounts for the same period.

		Nine months ended 30 September	
		2020	**2019**
	Notes	**($ million)**	
Revenue	**5**	**254.6**	**225.7**
Administrative expenses	6	(247.9)	(222.8)
Operating profit	5	6.7	2.9
Finance income	7	0.3	1.7
Finance costs	8	(12.1)	(14.0)
Profit before tax		**(5.0)**	**(9.4)**
Taxation		1.0	0.9
Profit after tax		**(4.0)**	**(8.5)**
Share of results of associates and joint ventures		0.0	0.0
Profit for the period		**(4.0)**	**(8.5)**
Attributable to:			
Equity holders of the parent		(4.0)	(8.5)
		(4.0)	(8.5)

2. Consolidated Balance Sheet

	Notes	As at 30 September 2020	As at 31 December 2019
		($ million)	
Non-current assets			
Intangible assets arising on consolidation	9	67.7	71.9
Other intangible assets		29.0	30.9
Property, plant and equipment		48.2	55.6
Right-of-use assets	10	87.9	93.9
Other investments		2.5	2.5
Deferred tax assets		30.3	25.0
Retirement benefit assets		2.6	2.6
Other long-term receivables		—	—
		268.2	**282.3**
Current assets			
Trade and other receivables	11	104.8	104.8
Cash and cash equivalents	18	287.9	230.4
		392.6	**335.2**
Total assets		**660.9**	**617.5**
Current liabilities			
Trade and other payables		(161.5)	(138.8)
Interest bearing loans and borrowings	12	(9.3)	(9.2)
Lease liabilities	13	(7.0)	(5.6)
Current tax liabilities		(1.4)	(4.3)
		(179.2)	(157.9)
Net current assets		**213.4**	**177.4**
Non-current liabilities			
Interest bearing loans and borrowings	12	(123.5)	(112.4)
Lease liabilities	13	(110.1)	(114.4)
Other long-term payables		(2.4)	(2.4)
Retirement benefit obligations		(2.5)	(2.7)
		(238.5)	(232.0)
Total liabilities		**(417.7)**	**(389.9)**
Net assets		**243.2**	**227.6**
Equity			
Share capital		0.0	0.0
Share premium		228.7	211.7
Other reserves		(196.0)	(198.5)
Retained earnings		210.4	214.5
Equity attributable to equity holders of the parent		**243.2**	**227.6**
Total equity		**243.2**	**227.6**

3. Consolidated Cash Flow Statement

	Notes	Nine months ended 30 September	
		2020	2019
		($ million)	
Cash from operating activities	**14**	**65.8**	**11.7**
Investing activities			
(Purchase)/sale of financial investments		—	(0.1)
Purchase of equity investments at FVTOCI		0.3	—
Interest received		—	1.7
Expenditure on intangible fixed assets		—	(4.4)
Purchase of property, plant and equipment		(14.9)	(24.1)
Acquisition consideration paid		—	(25.6)
Net cash flows from investment activities		**(14.6)**	**(52.6)**
Financing activities			
Own shares acquired for employee trusts		(1.0)	(0.8)
Repayment of term loan principal		(7.5)	(37.5)
Bank facility arrangement fees and debt issue costs		—	—
Payment of lease liabilities		(3.3)	(1.6)
Proceeds from equity options exercised		0.0	0.1
Funds received from preferred stock obligation issue		17.3	—
Funds received from warrants issue		2.5	—
Net cash flows from financing activities		**8.0**	**(39.7)**
Net increase in cash and cash equivalents		**59.3**	**(80.6)**
Net cash and cash equivalents at the beginning of the period		**230.4**	**336.3**
Effect of foreign exchange rate changes		(1.8)	(2.2)
Net cash and cash equivalents at the end of the period		**287.9**	**253.5**
Cash and cash equivalents		287.9	253.5
Cash and cash equivalents at the end of the period		**287.9**	**253.5**

4. Consolidated Statement of Comprehensive Income

	Nine months ended 30 September	
	2020	2019
	($ million)	
Profit for the year	**(4.0)**	**(8.5)**
Items that will not be reclassified subsequently to profit or loss		
Taxation relating to items not reclassified	2.0	(2.1)
	2.0	(2.1)
Items that may be reclassified subsequently to profit or loss:		
Effect of changes in exchange rates on translation of foreign operations	(2.2)	(4.2)
	(2.2)	(4.2)
Other comprehensive (loss)/income for the year	**(0.2)**	**(6.4)**
Total comprehensive (loss)/income for the year	**(4.2)**	**(14.9)**
Attributable to:		
Equity holders of the parent	(4.2)	(14.9)
	(4.2)	(14.9)

5. Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Revaluation reserve	Hedging and translation	Own shares	Retained earnings	Total equity
				($ million)			
Balance at 01/01/2019	—	202.2	6.5	1.0	(211.0)	227.2	225.9
Profit for the period	—	—	—	—	—	(8.5)	(8.5)
Other comprehensive (loss)/income for the period	—	—	(2.1)	(4.2)	—	—	(6.4)
Total comprehensive (loss)/income for the period	—	—	(2.1)	(4.2)	—	(8.5)	(14.9)
Share settlement of share-based awards	—	7.3	—	—	—	—	7.3
Credit arising on share-based awards	—	—	4.1	—	—	—	4.1
Acquisition of own shares	—	—	—	—	(0.8)	—	(0.8)
Balance at 30/09/2019	**—**	**209.5**	**8.4**	**(3.3)**	**(211.8)**	**218.7**	**221.6**
Balance at 01/01/2020	**—**	**211.7**	**9.1**	**4.2**	**(211.8)**	**(214.5)**	**227.6**
Profit for the period	—	—	—	—	—	(4.0)	(4.0)
Other comprehensive (loss)/income for the period	—	—	2.0	(2.2)	—	—	(0.2)
Total comprehensive (loss)/income for the period	—	—	2.0	(2.2)	—	(4.0)	(4.2)
Share settlement of share-based awards	—	17.1	—	—	—	—	17.1
Credit arising on share-based awards	—	—	3.7	—	—	—	3.7
Acquisition of own shares	—	—	—	—	(1.0)	—	(1.0)
Balance at 30/09/2020	**—**	**228.7**	**14.8**	**1.9**	**(212.7)**	**210.4**	**243.2**

Notes to the Consolidated Financial Statements for the nine months ended 30 September 2020

1. General information

Liquidnet Holdings, Inc., together with its consolidated subsidiaries (**Liquidnet** or the **Liquidnet Group**), designs, develops and operates trading systems and electronic marketplaces that facilitate equity and fixed income securities trading for institutional investors worldwide. Liquidnet's trading systems and marketplaces bring together institutional buyers and sellers of large blocks of equity and fixed income securities, enabling them to directly and anonymously trade with each other via the Internet. Institutional investors use Liquidnet's trading systems and marketplaces to trade in size, enhance the quality of trade execution, gain price improvement for their trades and, ultimately, lower overall trading costs. Liquidnet also provides trading desk and algorithmic trading services and engages in other financial services business activity, including commission management, transaction costs analysis and capital markets. Several of Liquidnet's wholly-owned operating subsidiaries are licensed securities dealer or marketplace operators in the United States, United Kingdom, Ireland, Australia, Canada, Hong Kong, Singapore and Japan. Most trades are cleared through a third-party clearing provider in the relevant market as engaged by the respective operating subsidiary.

2. Basis of preparation

(a) Basis of accounting

The Condensed Consolidated Financial Statements of the Liquidnet Group as at and for the nine months ended 30 September 2020 and 30 September 2019 have been prepared in accordance with IAS 34 (Interim Financial Statements).

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The directors have a reasonable expectation that the Liquidnet Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements are rounded to the nearest million U.S. dollars (expressed as $ million), except where otherwise indicated.

(b) Basis of consolidation

The Liquidnet Group's Condensed Consolidated Financial Statements incorporate the financial information of Liquidnet and entities controlled by Liquidnet made up to each reporting period. Under IFRS 10 control is achieved where Liquidnet exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

(c) Accounting policies

Except as described below, the accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Liquidnet Group's Consolidated Financial Statements as at and for the year ended 31 December 2019.

Financial instruments

Preferred stock and warrants

On 8 May 2020 Liquidnet issued $20 million mandatorily redeemable preferred stock and warrants to a shareholder of Liquidnet to extinguish a loan from this shareholder and the CEO.

Preferred stock

The preferred stock was classified as a financial liability and initially recognised at fair value less directly attributable transaction costs.

Preferred stock obligation is presented in 'Interest bearing loans and borrowings'.

After initial recognition, preferred stock obligation is measured at amortised cost using effective interest rate method.

Dividends and other distributions to the holders of preferred stock classified as liabilities are recorded in 'Finance costs' and 'Other interest payable'.

Preferred stock is mandatorily payable on a change in control.

Warrants

The warrants are fully detachable and give a right to the holder to purchase the common stock of Liquidnet. Warrants were classified as equity instruments and initially recognised at fair value less directly attributable transaction costs in 'Share premium account' in Equity.

The following new Standards and Interpretations are effective from 1 January 2020 but they do not have a material effect on the Liquidnet Group's financial statements:

- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3: Business Combinations; and
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark.

3. Related party transactions

The total amount due from related parties as at 30 September 2020 was $nil (31 December 2019: $nil) and amounts due to related parties as at 30 September 2020 was $18.1 million (31 December 2019: $nil) comprising the preferred stock issued in May 2020 to extinguish part of a loan of $20 million from one of Liquidnet's shareholders and CEO. The rest of the loan was extinguished by warrants (equity instruments) in the amount of $2.5 million. For details please refer to note 12 (Interest bearing loans and borrowings).

4. Principal risks and uncertainties

Robust risk management is fundamental to the achievement of the Liquidnet Group's objectives. Management does not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2019.

5. Segmental analysis

Products and services from which reportable segments derive their revenues

The following segmental analysis is not a requirement for Liquidnet under IFRS 8 but has been incorporated to align to TP ICAP's financial statement disclosure notes and represents an analysis of Liquidnet's results by geographical location. Based on the information reviewed by Liquidnet's CEO for the purposes of allocating resources and assessing performance, Liquidnet has only one operating segment.

Information regarding the Liquidnet Group's geographical split is reported below:

Analysis by geographic segment

	Nine months ended 30 September 2020	Nine months ended 30 September 2019
	($ million)	
Revenue (excluding intercompany)		
EMEA	106.0	92.1
Americas	108.5	97.2
Asia Pacific	40.1	36.3
	254.6	225.7
Operating Expenses (excluding intercompany)		
EMEA	66.4	54.6
Americas	150.1	141.0
Asia Pacific	31.4	27.2
	247.9	222.8
Operating Profit (EBT) (excluding intercompany)		
EMEA	39.6	37.6
Americas	(41.6)	(43.8)
Asia Pacific	8.8	9.1
	6.7	2.9
Intercompany Revenue		
EMEA	6.1	3.2
Americas	112.1	173.0
Asia Pacific	3.9	1.6
	122.1	177.9
Intercompany Expenses		
EMEA	48.1	31.9
Americas	56.0	43.3
Asia Pacific	11.1	8.9
	115.2	84.1
Operating Profit (EBT) (including intercompany)		
EMEA	(2.5)	8.9
Americas	14.4	86.0
Asia Pacific	1.6	1.8
	13.6	96.7
Taxation		
EMEA	(0.1)	1.9
Americas	(1.8)	(3.5)
Asia Pacific	0.9	0.7
	(1.0)	(0.9)
Profit		
EMEA	38.8	35.1
Americas	(50.5)	(51.9)
Asia Pacific	7.6	8.3
	(4.0)	(8.5)

There are no inter-segment sales included in the geographic segment revenue.

Liquidnet is domiciled in the US. Revenue attributable to the US amounted to $103 million in 9 months ended 30 September 2020 and the total revenue from other countries was $152 million (9 months ended 30 September 2019: $134 million).

The effective rate of tax on reported profit before tax is 21% (2019: 25%). The outlook for the underlying effective tax rate in 2021 is for it to remain broadly in line with that for the current period.

6. Administrative expenses

	Nine months ended 30 September 2020
	Total ($ million)
Broker compensation costs	
Other staff costs	78.3
Other share-based payment charge/(credit)	17.4
Charge relating to employee long-term benefits	10.8
Employment costs	106.5
Technology and related costs	18.6
Premises and related costs	2.4
Amortisation of other intangible assets	9.5
Depreciation of property, plant and equipment	13.9
Depreciation of right-of-use assets	6.5
Amortisation of intangible assets arising on consolidation	4.1
Impairment of intangible assets arising on consolidation	—
Adjustments to deferred consideration	—
Charge relating to legal and regulatory settlements	—
Acquisition costs	—
Other administrative costs	86.0
	247.5
Impairment loss on trade receivables	0.3
	247.8

	Nine months ended 30 September 2019
	Total ($ million)
Broker compensation costs	
Other staff costs	71.3
Other share-based payment charge/(credit)	10.9
Charge relating to employee long-term benefits	10.6
Employment costs	92.7
Technology and related costs	17.4
Premises and related costs	1.5
Amortisation of other intangible assets	9.4
Depreciation of property, plant and equipment	9.6
Depreciation of right-of-use assets	7.4
Amortisation of intangible assets arising on consolidation	2.8
Impairment of intangible assets arising on consolidation	—
Adjustments to deferred consideration	—
Charge relating to legal and regulatory settlements	—
Acquisition costs	—
Other administrative costs	81.9
	222.8
Impairment loss on trade receivables	**—**
	222.8

7. Finance income

	Nine months ended 30 September	
	2020	2019
	($ million)	
Interest receivable and similar income	0.3	1.7
Interest receivable on finance leases	—	—
Deemed interest arising on the defined benefit pension scheme surplus	—	—
	0.3	**1.7**

8. Finance costs

	Nine months ended 30 September	
	2020	2019
	($ million)	
Interest and fees payable on bank facilities	6.0	7.9
Other interest payable	—	—
Amortisation of debt issue and bank facility costs	0.6	0.9
Borrowing costs	6.6	8.8
Interest payable on lease liabilities	5.5	5.2
	12.1	**14.0**

9. Intangible assets arising on consolidation

	Goodwill	Other	Total
	($ million)	($ million)	($ million)
At 1 January 2020	60.6	11.3	71.9
Recognised on acquisitions	—	—	—
Remeasurement period adjustments:	—	—	—
— Remeasurement of other intangible assets	—	—	—
— Increase in net assets acquired	—	—	—
Amortisation of acquisition related intangibles	—	(4.1)	(4.1)
Impairment of acquisition related intangibles	—	—	—
Effect of movements in exchange rates	(0.1)	—	(0.1)
At 30 September 2020	60.5	7.2	67.7

Other intangible assets at 30 September 2020 represent customer relationships, $0.5 million (31 December 2019: $0.8 million), business brands and trade marks, $0.3 million (31 December 2019: $0.5 million), and software, $6.3 million (31 December 2019: $10.0 million) that arise through business combinations. Customer relationships are being amortised over five years.

The Liquidnet Group operates as a single cash-generating unit (**CGU**). A CGU is the lowest level at which the Liquidnet Group monitors and tests goodwill for impairment purposes.

The Liquidnet Group performs an impairment assessment of its CGU at least annually. The Liquidnet Group's latest assessment was performed at 31 December 2019. As at 30 September 2020, management has assessed that there is no indication of impairment, and therefore an impairment assessment is not required.

10. Right-of-use assets

	Total
	($ million)
At 1 January 2020	93.9
Modifications	0.7
Depreciation	(6.5)
Effect of movements in exchange rates	(0.2)
As at 30 September 2020	**87.9**

The Liquidnet Group leases several office spaces which have an average lease terms of 11 years (2019: 10 years).

11. Trade and other receivables

	Year ended 30 September 2020	Year ended 31 December 2019
	($ million)	
Current receivables		
Trade receivables	1.4	2.5
Settlement balances	82.0	91.8
Financial assets	83.4	94.3
Other debtors	12.4	2.1
Prepayments	9.0	8.4
	104.8	**104.8**

The directors consider that the carrying amount of trade and other receivables which are not held at fair value through profit or loss approximate to their fair values. No interest is charged on outstanding trade receivables.

For the year ended 30 September 2020 the Liquidnet Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 30 September 2020 the provision for expected credit losses amounted to less than $1 million.

Settlement balances include primarily cash deposits and the net amounts receivable on open transactions from clearing organisations. The Liquidnet Group measures loss allowances for settlement balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of underlying instruments, that could arise as a result of default. As at 30 September 2020, the provision for expected credit losses amounted to less than $1 million.

12. Interest bearing loans and borrowings

	Current ($ million)	Non-current ($ million)	Total ($ million)
30 September 2020			
Bank loans	9.2	105.5	114.7
Preferred stock obligation	0.1	18.0	18.1
	9.3	**123.5**	**132.8**
31 December 2019			
Bank loans	9.2	112.4	121.6
	9.2	112.4	121.6

All amounts are stated after unamortised transaction costs.

Bank credit facilities and bank loans

Liquidnet issued a $200 million floating rate term loan (the loan) in 2017 at 4.25% over the London Inter Bank Offer Rate (**LIBOR**) subject to a LIBOR floor of 1% or 3.25% over the prime rate subject to a floor of 2%. During 2018, the loan was repriced to 3.25% over LIBOR subject to the floor of 1%. The loan issued in 2017 was a refinancing of the loan issued in 2014 and was accounted for by the extinguishment of the loan issued in 2014 by Liquidnet per the requirements of IFRS 9 and all costs associated with the previous loan were recycled to the profit and loss during 2017.

The ownership interest of certain of certain subsidiaries, including Liquidnet's U.S. Broker Dealer subsidiary has been pledged as collateral. The credit and guarantee contains customary affirmative and negative covenants, including limitation on indebtedness, liens, hedging arrangements, investments, loan and advances, asset sales, mergers, and acquisitions, dividends, transactions with affiliates, prepayments of the other indebtedness, restriction on subsidiaries and issuance of capital stock.

Loans from related parties

In February 2020, Liquidnet received a loan from one of Liquidnet's shareholders, in the amount of \$20.0 million with the maturity to 31 March 2020 and with the borrower ability to extend to 31 May 2020, being a promissory convertible note for the time to agree upon contractual terms for a loan with equity component. On 8 May 2020, Liquidnet extinguished the loan (the loan was derecognised) with the following financial instruments:

1. 20,000 shares of preferred stock, with the redemption amount of \$1,000 per share i.e. with the principal amount due at maturity of \$20.0 million, with a dividend rate of 10%, of which 9% is paid in-kind and 1% is paid in cash; and
2. 3,385,717 warrants to purchase the common stock of Liquidnet ('call warrants') with the exercise price of \$2.88 per share. There are no additional conditions that would restrict the purchase.

The preferred stock is mandatorily redeemable in October 2024, inclusive of all accrued and unpaid dividends, therefore it was classified as financial liability and initially recognised at fair value less directly attributable transaction costs (of \$1 million), which will be amortised over the preferred stock maturity.

As preferred stock and warrants are not quoted on an active market, an external appraiser was engaged to perform the initial valuation of preferred stock and warrants.

13. Lease liabilities

The maturity analysis of lease liabilities is as follows:

	Year ended 30 September 2020	Year ended 31 December 2019
	($ million)	
Year 1	17.5	11.6
Year 2	18.9	13.4
Year 3	17.3	13.7
Year 4	10.3	13.3
Year 5	10.7	13.0
Onwards	92.3	110.5
	167.1	**175.6**
Less unearned interest	(50.0)	(55.5)
	117.1	**120.0**
Included in non-current current liabilities	110.1	114.4
Included in current liabilities	7.0	5.6
	117.1	**120.0**

14. Reconciliation of operating result to net cash from operating activities

	9 months to Sep 2020 ($ million)	9 months to Sep 2019 ($ million)
Operating profit	**6.7**	**2.9**
Adjustments for:	0.0	0.0
— Share-based payment charge	17.4	10.9
— Pension scheme past service and settlement costs	(0.2)	0.7
— Depreciation of property, plant and equipment	13.9	9.6
— Depreciation of right-of-use assets	6.5	7.4
— Amortisation of intangible assets	9.5	9.4
— Amortisation of intangible assets arising on consolidation	4.1	2.8
— Non-cash movement in FVTPL balances	0.8	0.0
Operating cash flows before movement in working capital	**58.8**	**43.6**
Decrease/(Increase) in trade and other receivables	32.0	(10.4)
Decrease/(Increase) in net settlement and trading balances	(31.1)	(4.9)
(Decrease)/Increase in trade and other payables	22.7	(1.7)
(Decrease)/increase in non-current liabilities	0.8	4.6
Retirement benefit scheme contributions	0.0	0.0
Cash generated from operations	**83.1**	**31.2**
Income taxes paid	(5.0)	(5.7)
Interest paid	(6.8)	(8.7)
Interest paid — finance leases	(5.5)	(5.2)
Cash from operating activities	**65.8**	**11.7**

15. Analysis of net funds

	At 1 January 2020 ($ million)	Cash flow ($ million)	Non-cash items ($ million)	Exchange differences ($ million)	30 September 2020 ($ million)
Cash	194.6	58.4	—	(1.8)	251.2
Cash equivalents	35.8	0.9	—	—	36.7
Cash and cash equivalents	230.4	59.3	—	(1.8)	287.9
Overdrafts	0.0	3.4	—	—	3.4
Total funds	**230.4**	**62.7**	**—**	**(1.8)**	**291.3**
Term loan	121.6	(7.5)[1]	0.6	—	114.7
Preferred stock	—	16.6[1]	1.5	—	18.1
Lease liabilities	120.0	(8.8)[1]	6.2	(0.3)	117.1
Total debt	**241.6**	**0.3**	**(8.3)**	**(0.3)**	**249.9**
Total net funds	**(11.2)**	**62.4**	**(8.3)**	**(1.5)**	**41.4**

(1) Principal changes plus payment of interest and debt issue costs where applicable

Cash equivalents comprise overnight deposits, money market accounts and all highly liquid investments, with maturities of three months or less at the date of purchase. Liquidnet generally holds available cash and cash equivalents in bank deposits, Treasury bills, money market funds, certificates of deposit and commercial paper. Cash and cash equivalents are maintained primarily with one financial institution. The carrying amount reported in the consolidated balance sheet approximates fair value because of the immediate or short-term maturity of these financial instruments Liquidnet regularly maintains funds in its operating accounts and segregated accounts that are held with financial institutions that exceed local deposit insurance limit.

Non-cash items represent additions to lease liabilities, accrued interest and the amortisation of debt issue and preferred stock.

16. Contingent liabilities

In the ordinary course of business, Liquidnet establishes reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. Due to the inherent unpredictability of these legal and regulatory matters, Liquidnet cannot state with certainty the timing or ultimate resolution of these matters and the actual cost could be significantly higher or lower that the amounts reserved. Liquidnet accrues for contingencies when the amount is estimable and probable.

17. Allocation of other comprehensive income within Equity

	Equity attributable to equity holders of the parent						
	Revaluation reserve	Hedging and translation	Own shares	Retained earnings	Total	Non-controlling interests	Total equity
	($ m)	($ m)	($ m)	($ m)	($ m)	($ m)	($ m)
Nine months ended 30 September 2020							
Equity investments at FVTOCI— net change in fair value	—	—	—	—	—	—	—
Effect of changes in exchange rates on translation of foreign operations	—	(2.2)	—	—	(2.2)	—	(2.2)
Taxation on components of other comprehensive income	2.0	—	—	—	2.0	—	2.0
Other comprehensive income/ (loss) for the period	**2.0**	**(2.2)**	**—**	**—**	**(0.2)**	**—**	**(0.2)**
Nine months ended 30 September 2020							
Equity investments at FVTOCI— net change in fair value	—	—	—	—	—	—	—
Effect of changes in exchange rates on translation of foreign operations	—	(4.2)	—	—	(4.2)	—	(4.2)
Remeasurement of the defined benefit pension scheme	—	—	—	—	—	—	—
Taxation on components of other comprehensive income	(2.1)	—	—	—	(2.1)	—	(2.1)
Other comprehensive income/ (loss) for the period	**(2.1)**	**(4.2)**	**—**	**—**	**(6.4)**	**—**	**(6.4)**
Year ended 31 December 2019							
Equity investments at FVTOCI— net change in fair value	—	—	—	—	—	—	—
Effect of changes in exchange rates on translation of foreign operations	—	3.2	—	—	3.2	—	3.2
Remeasurement of the defined benefit pension scheme	—	—	—	—	—	—	—
Taxation on components of other comprehensive income	(2.8)	—	—	—	(2.8)	—	(2.8)
Other comprehensive income/ (loss) for the year	**(2.8)**	**3.2**	**—**	**—**	**0.4**	**—**	**0.4**

18. Financial instruments

(a) Categorisation of financial assets and liabilities

	FVTOCI debt instruments	FVTOCI equity instruments	FVTPL equity instruments	Amortised cost	Mandatorily at FVTPL	Total carrying amount
Financial assets						
30 September 2020						
Non-current financial assets measured at fair value						
Equity securities	—	—	2.5	—	—	2.5
Corporate debt securities	—	—	—	—	—	—
Non-current financial assets not measured at fair value						
Finance lease receivables	—	—	—	—	—	—
Current financial assets measured at fair value	—	—	—	—	—	—
Current financial assets not measured at fair value(1)						
Term deposits	—	—	—	—	—	—
Security deposits	—	—	—	0.9	—	0.9
Restricted funds	—	—	—	—	—	—
Trade receivables	—	—	—	1.4	—	1.4
Settlement balances receivable	—	—	—	82.0	—	82.0
Deposits paid for securities borrowed	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	287.9	—	287.9
Total financial assets	—	—	**2.5**	**372.2**	—	**374.7**

	Mandatorily at FVTP		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
	($ million)	($ million)	($ million)	($ million)	($ million)
Financial liabilities					
30 September 2020					
Financial liabilities measured at fair value					
Deferred consideration	—	—	—	—	—
	—	—	—	—	—
Financial liabilities not measured at fair value					
Term loan	—	—	105.5	9.2	114.7
Preferred stock obligation	—	—	18.0	0.1	18.1
Trade payables	—	—	—	3.1	3.1
Settlement balances payable	—	—	—	114.4	114.4
Deposits received for securities loaned	—	—	—	—	—
Lease liabilities	—	—	110.1	7.0	117.1
Total financial liabilities	—	—	**233.6**	**133.8**	**367.4**

(b) Maturity profile of financial liabilities

As at 30 September 2020, the contractual maturities, including future interest obligations, of the Liquidnet Group's financial liabilities were as follows:

Contractual maturities of financial and lease liabilities 30 September 2020	**Less than 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**
	($ million)	**($ million)**	**($ million)**	**($ million)**	**($ million)**
Settlement balances	114.4	—	—	—	114.4
Deposits received for securities loaned	—	—	—	—	—
Trade payables	3.1	—	—	—	3.1
Term loan	4.1	12.1	121.8	—	138.0
Preferred stock obligation	0.2	—	30.7	—	30.9
Lease liabilities	3.0	10.2	53.5	100.4	167.1
Total	**124.8**	**22.3**	**206.0**	**100.4**	**453.5**

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2020 (unaudited) Financial assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
	($ million)	**($ million)**	**($ million)**	**($ million)**
Equity instruments	—	—	2.5	2.5
Corporate debt securities	—	—	—	—
Government debt securities	—	—	—	—
Derivative instruments	—	—	—	—
Financial liabilities measured at fair value				
Deferred consideration	—	—	—	—
Derivative instruments	—	—	—	—
	—	**—**	**2.5**	**2.5**

There were no transfers between Levels 1 and 2 during the period.

Reconciliation of Level 3 fair value movements:

	Equity instruments (at FVTOCI)	**Equity instruments (at FVTPL)**	**Deferred consideration (at FVTPL)**	**Total**
	($ million)	**($ million)**	**($ million)**	**($ million)**
Balance as at 1 January 2020	**—**	**2.5**	**—**	**2.5**
Net change in fair value—included in 'administrative expenses'	—	—	—	—
Amounts settled during the year	—	—	—	—
Effect of movements in exchange rates	—	—	—	—
Balance as at 31 December 2019	**—**	**2.5**	**—**	**2.5**

(d) Financial and liquidity risk

Liquidnet is an agency only broker and as such does not take proprietary positions on balance sheet. In addition, Liquidnet uses well capitalised investment firms to clear trades that it arranges for its members. Both of these items significantly limit the amount of liquidity risk to Liquidnet. Additionally, Liquidnet maintains intercompany arrangements to help facilitate the movement of cash between legal entities as the need arises. Cash is kept primarily with one global bank to again ensure the ease of liquidity management.

Liquidnet has outstanding a "covenant light" term loan with a lone earnings requirement that has always been met. Additionally, Liquidnet maintains a net cash position at all time.

(e) Capital management

Liquidnet's capital management objective is to (1) maintain sufficient surplus capital well in excess of local regulatory requirements, (2) ensure adequate capital in all client facing institutions and (3) provide liquidity and flexibility at the parent level to ensure new businesses have access to overall capital to grow during the investment stage.

(f) Credit risk

In the normal course of business, Liquidnet is involved in the execution of various customer securities transactions. In accordance with the respective clearing agreements with certain clearing brokers, the clearing brokers have the right to charge Liquidnet's licensed securities dealer subsidiaries for losses that may result from a counterparty's failure to meet its settlement obligations. As the right to charge the licensed securities dealers has no maximum amount and applies to all trades executed through the clearing brokers, we believe there is no maximum amount assignable to this right of the clearing firms. In addition, Liquidnet's licensed securities dealer subsidiaries have the right to pursue collection or performance from the counterparties who do not meet their settlement obligations. To date, Liquidnet has not experienced any credit losses resulting from counterparty credit failures.

(g) Foreign currency sensitivity analysis

The table below illustrates the sensitivity of the profit for the year with regard to currency movements on financial assets and liabilities denominated in foreign currencies as at period end.

The sensitivity of the Liquidnet Group's equity with regard to its net foreign currency investments at 30 September 2020 is also shown below.

The analysis is prepared based on the assumption of 10% weakening of USD against the other currencies.

	CAD	GBP	EUR	JPY	AUD	SGD
Change in foreign currency financial assets and liabilities — profit or loss	0.0	0.5	(0.1)	0.4	0.2	0.2
Change in translation of foreign operations — equity	1.4	9.2	0.5	2.5	0.8	0.2

19. Events after the balance sheet date

On 9 October 2020, Liquidnet agreed to the sale of its own shares to TP ICAP plc, a global inter-dealer financial services firm located in the United Kingdom. The purchase price is between $550 million and $700 million, depending on certain earn-out criteria over the next three years. The sale is subject to various regulatory approvals and is expected to close in the first quarter of 2021.

Section B: Historical Financial Information relating to the Liquidnet Group as at and for the Years Ended 31 December 2019, 2018 and 2017

The historical financial information relating to the Liquidnet Group for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 set out below has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

The historical financial information relating to the Liquidnet Group for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 set out below is covered by the accountant's report included in Section C (*Accountant's Report on the Historical Financial Information relating to the Liquidnet Group*) of this Part 4 (*Historical Financial Information relating to the Liquidnet Group*), which was prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

1. Consolidated Income Statement

		Year ended 31 December		
		2017	2018	2019
	Notes		($ million)	
Revenue	**4**	**318.3**	**341.5**	**302.2**
Administrative expenses	5	(246.4)	(286.8)	(305.9)
Operating profit		**71.9**	**54.7**	**(3.6)**
Finance income	7	1.0	2.3	2.1
Finance costs	8	(17.4)	(19.0)	(17.9)
Profit before tax		**55.5**	**38.0**	**(19.5)**
Taxation	9	(17.5)	(8.1)	6.7
Profit after tax		**38.0**	**29.9**	**(12.8)**
Profit for the period		**38.0**	**29.9**	**(12.8)**
Attributable to:				
Equity holders of the parent		38.0	29.9	(12.8)
		38.0	29.9	(12.8)

2. Consolidated Balance Sheet

	Notes	1 January 2017	Year ended 31 December 2017	2018	2019
			($ million)		
Non-current assets					
Intangible assets arising on consolidation	10	37.7	54.3	51.7	71.9
Other intangible assets	11	15.2	19.9	26.6	30.9
Property, plant and equipment	12	13.2	18.6	48.2	55.6
Right-of-use assets	13	16.5	13.8	85.2	93.9
Other investments	14	5.5	2.1	2.4	2.5
Deferred tax assets	15	19.0	10.7	16.8	25.0
Retirement benefit assets	29	—	0.0	1.7	2.6
Other long-term receivables		6.5	3.5	0.3	0.0
		113.5	123.0	233.0	282.3
Current assets					
Trade and other receivables	16	45.3	101.5	107.7	104.8
Cash and cash equivalents	21	254.5	346.9	336.3	230.4
		299.8	448.4	444.0	335.2
Total assets		**413.3**	**571.4**	**677.0**	**617.5**
Current liabilities					
Trade and other payables	17	(85.2)	(160.1)	(160.3)	(138.8)
Interest bearing loans and borrowings	18	—	(8.7)	(58.8)	(9.2)
Lease liabilities	19	—	(13.5)	(4.0)	(5.6)
Current tax liabilities	10	(6.1)	(8.5)	(5.8)	(4.3)
		(91.2)	(190.8)	(228.9)	(157.9)
Net current assets		**208.5**	**257.6**	**215.1**	**177.4**
Non-current liabilities					
Interest bearing loans and borrowings	18	(149.6)	(180.4)	(121.6)	(112.4)
Lease liabilities	19	(29.5)	(4.4)	(97.5)	(114.4)
Other long-term payables	20	(3.7)	(1.8)	(1.3)	(2.4)
Retirement benefit obligations	29	—	—	(1.9)	(2.7)
		(182.7)	(186.7)	(222.2)	(232.0)
Total liabilities		**(274.0)**	**(377.5)**	**(451.1)**	**(389.9)**
Net assets		**139.4**	**193.8**	**225.9**	**227.6**
Equity					
Share capital	22, 23(a)	0.0	0.0	0.0	0.0
Share premium	23(a)	182.1	192.8	202.2	211.7
Other reserves	23(b)	(202.1)	(196.3)	(203.6)	(198.5)
Retained earnings	23(c)	159.4	197.3	227.2	214.5
Equity attributable to equity holders of the parent	23(c)	139.4	193.8	225.9	227.6
Total equity		**139.4**	**193.8**	**225.9**	**227.6**

3. Consolidated Cash Flow Statement

	Notes	2017	2018	2019
		Year ended 31 December		
		($ million)		
Cash from operating activities	**26**	**106.2**	**80.0**	**16.2**
Investing activities				
(Purchase)/sale of other investments		(0.6)	(0.3)	(0.1)
Interest received		0.7	1.8	2.1
Expenditure on intangible fixed assets		(16.6)	(15.9)	(12.5)
Purchase of property, plant and equipment		(9.1)	(46.2)	(24.0)
Deferred consideration paid		0.0	(0.4)	(0.6)
Acquisition consideration paid		(16.0)	0.0	(25.6)
Cash acquired with acquisitions		0.0	0.0	0.0
Net cash flows from investment activities		**(41.7)**	**(61.0)**	**(60.7)**
Financing activities				
Acquisition of own shares		(3.1)	(4.5)	(0.8)
Funds received from issue of term loan		198.0	0.0	0.0
Repayment of term loan principal		(158.1)	(10.0)	(60.0)
Bank facility arrangement fees and debt issue costs		(4.5)	0.0	0.0
Payment of lease liabilities		(12.4)	(9.6)	(2.7)
Proceeds from equity options exercised		0.1	0.8	0.1
Net cash flows from financing activities		**20.0**	**(23.3)**	**(63.4)**
Net increase (decrease) in cash and cash equivalents		**84.5**	**(4.3)**	**(108.0)**
Net cash and cash equivalents at the beginning of the year		**254.5**	**346.9**	**336.3**
Adjustment on initial application of IFRS 9		—	—	—
Effect of foreign exchange rate changes		7.9	(6.3)	2.1
Net cash and cash equivalents at the end of the year	22	**346.9**	**336.3**	**230.4**
Cash and cash equivalents		346.9	336.3	230.4
Overdrafts		—	—	—
Cash and cash equivalents at the end of the year	22	**346.9**	**336.3**	**230.4**

4. Consolidated Statement of Comprehensive Income

	Notes	2017	2018	2019
		Year ended 31 December		
		($ million)		
Profit for the year		**38.0**	**29.9**	**(12.8)**
Items that will not be reclassified subsequently to profit or loss:				
Taxation relating to items not reclassified		(0.5)	4.3	(2.8)
		(0.5)	4.3	(2.8)
Items that may be reclassified subsequently to profit or loss:				
Effect of changes in exchange rates on translation of foreign operations		9.8	(8.8)	3.2
		9.8	**(8.8)**	**3.2**
Other comprehensive (loss)/income for the year		**9.2**	**(4.5)**	**0.4**
Total comprehensive (loss)/income for the year		**47.2**	**25.4**	**(12.4)**
Attributable to:				
Equity holders of the parent		47.2	25.4	(12.4)
		47.2	**25.4**	**(12.4)**

5. Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Re-valuation Reserve	Hedging and translation	Own shares	Retained earnings	Total equity
				($ million)			
Balance at 01/01/2017	**0.0**	**182.1**	1.4	0.0	**(203.5)**	**159.4**	139.4
Profit for the year	—	—	—	—	—	38.0	38.0
Other comprehensive (loss)/income for the year	—	—	(0.5)	9.8	—	—	9.2
Total comprehensive (loss)/income for the year	—	—	(0.5)	9.8	—	38.0	47.2
Share settlement of share-based awards	—	10.7	—	—	—	—	10.7
Credit arising on share-based awards	—	—	(0.3)	—	—	—	(0.3)
Acquisition of own shares	—	—	—	—	(3.1)	—	(3.1)
Balance at 31/12/2017	**0.0**	**192.8**	0.5	9.8	**(206.6)**	**197.3**	**193.8**
Profit for the year	—	—	—	—	—	29.9	29.9
Other comprehensive (loss)/income for the year	—	—	4.3	(8.8)	—	—	(4.5)
Total comprehensive (loss)/income for the year	—	—	4.3	(8.8)	—	29.9	25.4
Share settlement of share-based awards	—	9.4	—	—	—	—	9.4
Credit arising on share-based awards	—	—	1.7	—	—	—	1.7
Acquisition of own shares	—	—	—	—	(4.5)	—	(4.5)
Balance at 31/12/2018	**0.0**	**202.2**	**6.5**	**1.0**	**(211.0)**	**227.2**	**225.9**
Profit for the year	—	—	—	—	—	(12.8)	(12.8)
Other comprehensive (loss)/income for the year	—	—	(2.8)	3.2	—	—	0.4
Total comprehensive (loss)/income for the year	—	—	(2.8)	3.2	—	(12.8)	(12.4)
Share settlement of share-based awards	—	9.5	—	—	—	—	9.5
Credit arising on share-based awards	—	—	5.4	—	—	—	5.4
Acquisition of own shares	—	—	—	—	(0.8)	—	(0.8)
Balance at 31/12/2019	**0.0**	**211.7**	**9.1**	**4.2**	**(211.8)**	**214.5**	**227.6**

Notes to the Consolidated Financial Statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017

1. General information

Liquidnet Holdings, Inc., together with its consolidated subsidiaries (hereinafter, **Liquidnet** or the **Liquidnet Group**), designs, develops and operates trading systems and electronic marketplaces that facilitate equity and fixed income securities trading for institutional investors worldwide. Liquidnet's trading systems and marketplaces bring together institutional buyers and sellers of large blocks of equity and fixed income securities, enabling them to directly and anonymously trade with each other via the Internet. Institutional investors use Liquidnet's trading systems and marketplaces to trade in size, enhance the quality of trade execution, gain price improvement for their trades and, ultimately, lower overall trading costs. Liquidnet also provides trading desk and algorithmic trading services and engages in other financial services business activity, including commission management, transaction costs analysis and capital markets. Several of Liquidnet's wholly-owned operating subsidiaries are licensed securities dealer or marketplace operators in the United States, United Kingdom, Ireland, Australia, Canada, Hong Kong, Singapore and Japan. Most trades are cleared through a third-party clearing provider in the relevant market as engaged by the respective operating subsidiary.

In 2019, Liquidnet acquired 100% of the shares of Research Exchange Limited and Quiet Signal, Inc., two strategic acquisitions to further support Liquidnet's vision to create a Global Investment Network. These combined technologies will enable Liquidnet to create a new, more robust analytics engine that will monitor, customise and deliver relevant and actionable insight to all members of the trading and investment team—traders, analysts, portfolio managers. Liquidnet's goal is to provide traders with intelligent information to help elevate their role as part of the investment process and ultimately to generate better performance by providing them with the data they need to create greater conviction in their ideas faster.

In 2017, Liquidnet acquired 100% of the shares of OTAS Technologies Holdings LTD., a market-leading analytics platform that delivers actionable market intelligence and context directly to institutional traders and portfolio managers.

2. Basis of preparation

(a) Basis of accounting

The Liquidnet Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) adopted by the European Union and comply with Article 4 of the EU IAS Regulation. Please refer to Note 31 'First Time Adoption of IFRS'.

The Financial Statements are presented in U.S. dollars because that is the currency of the primary economic environment in which the Liquidnet Group operates and figures are rounded to the nearest million U.S. dollars (expressed as $ million), except where otherwise indicated. The significant accounting policies are set out in Note 3.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments held at fair value at the end of each reporting period, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Liquidnet Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The Liquidnet Group's Consolidated Financial Statements incorporate the Financial Statements of Liquidnet and entities controlled by Liquidnet made up to 31 December each year. Under IFRS 10 'Consolidated Financial Statements', control is achieved where Liquidnet exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Liquidnet Group. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

When the Liquidnet Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, including goodwill, less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control was lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(c) Going concern

The directors have, at the time of approving the Financial Statements, a reasonable expectation that the Liquidnet Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(d) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year:

IFRS 16 'Leases'

(A) Definition of a lease

The Liquidnet Group assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of transition to IFRS, the Liquidnet Group elected to apply the practical expedient not to reassess whether a contract was or contained a lease. The Liquidnet Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2017.

At inception or on reassessment of a contract that contains a lease component, the Liquidnet Group allocates the consideration in the contract to each lease and non-lease component on the basis of the relative standalone prices.

(B) As a lessee

The Liquidnet Group has lease contracts for office spaces and other equipment used in its operations. Under Local GAAP the Liquidnet Group classified all of its lease contracts as operating lease. As IFRS 16 removes the distinction between operating leases and finance leases, the Liquidnet Group now recognises right-of-use assets and lease liabilities, which the Liquidnet Group has chosen to report separately on its balance sheet.

The Liquidnet Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Liquidnet Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Liquidnet Group recognises a right-of-use asset and a lease liability at the lease commencement date, the date at which power to control the asset is obtained. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Liquidnet Group's incremental borrowing rate. Generally, the Liquidnet Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease cash flows, previously presented as operating cash flows, are split into payments of principal and interest and are presented as financing and operating cash flows respectively.

The Liquidnet Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes termination and/or renewal options and for leases in which the Liquidnet Group has enforceable rights that extend the lease agreement. The assessment of whether the Liquidnet Group is reasonably certain to exercise such options or whether the Liquidnet Group is able to enforce its additional rights impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

(C) Transition as at 1 January 2017

At the date of transition to IFRS, the Liquidnet Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments, and any provisions held in respect of onerous lease contracts.

The Liquidnet Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under Local GAAP:

- applied the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term;
- elected not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low value (threshold US$5,000);
- relied on previous assessments on whether leases are onerous;
- excluded initial direct costs from the measuring the right-of-use asset at the date of initial application; and,
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(D) As a lessor

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in previously applied Local GAAP. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Liquidnet Group did sublet some of its leased properties. Under local GAAP, both head lease and sub-lease contracts were classified as operating leases. Where the Liquidnet Group is an intermediate lessor, it will account for the head lease and the sub-lease as two separate contracts and is required to classify the sub-lease as either a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Where sub-lease agreements are assessed as finance leases, the Liquidnet Group will derecognise the right-of-use asset and record its interest in finance lease receivables. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables.

(E) Impact on transition

The impact on transition is summarised below:

	1 January 2017
	($ million)
Right-of-use assets	22.3
Finance lease receivables (presented in other receivables)	6.5
Lease liabilities	(29.5)
Property provisions	(0.9)

When measuring lease liabilities for leases the Liquidnet Group discounted lease payments using its incremental borrowing rate as at 1 January 2017, reflecting the lease term and the type of leased asset. The discount rates used in the calculation of the lease liability involved estimation. The weighted-average rate applied was 6.0%.

	1 January 2017
	($ million)
Lease liabilities recognised at 1 January 2017, discounted using the incremental borrowing	**29.5**
Right-of-use assets	
Initial right-of-use assets at amounts equal to the associated lease liability	29.5
— Adjustment for provisions held in respect of onerous Leases (including provisions for restoration costs)	0.9
Amounts recognised as finance lease receivables	(8.0)
	22.3

(F) Impact for the current and previous years

The Liquidnet Group, in relation to leases under IFRS 16, has recognised depreciation and interest costs in the statement of profit or loss in the current and previous years, as follows:

	Year ended 31 December					
	2017		2018		2019	
	Depreciation	Net Interest Expense	Depreciation	Net Interest Expense	Depreciation	Net Interest Expense
	($ million)	($ million)	($ million)	($ million)	($ million)	($ million)
EMEA	0.8	0.1	1.0	0.1	1.9	0.9
Americas	7.7	1.1	11.7	4.4	6.3	5.9
Asia Pacific	1.0	0.2	1.0	0.2	1.3	0.2
	9.4	**1.4**	**13.7**	**4.7**	**9.5**	**7.0**

As at 31 December 2019 the right-of-use assets and lease liabilities were as follows:

	31 December 2019
	($ million)
Right-of-use assets by type	
Properties Equipment	93.6
	93.6
Finance lease receivables (*presented in other receivables*)	
Lease liabilities	120.0
Current lease liabilities	5.6
Non-current lease liabilities	114.4
	120.0

(G) Other new Standards and Interpretations

The following new Standards and Interpretations are effective from 1 January 2019 but they do not have a material effect in the Liquidnet Group's financial statements:

- IFRIC 23: Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards (2015-2017 Cycle); and
- Amendments to IAS 19: Plan Amendment, curtailment or settlement.

At the date of authorisation of these Financial Statements, the following EU endorsed Standards and Interpretations were in issue but not yet effective. The Liquidnet Group has not applied these Standards or Interpretations in the preparation of these Financial Statements:

- Amendments to IAS 1 and IAS 8: Definition of Material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

The following Standards and Interpretations have not been endorsed by the EU and have not been applied in the preparation of these Financial Statements:

- Amendment to IFRS 3 Business Combinations; and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.

(H) Impact for the year continued

The directors do not expect the adoption of the above Standards and Interpretations will have a material impact on the Financial Statements of the Liquidnet Group in future periods.

3. Summary of significant accounting policies

(a) Income recognition

Commission revenues are derived from commissions earned on customers executing trades in Liquidnet's equities and fixed income trading platform and are recorded on a trade-date basis. Commission revenues are recorded net of incremental or add-on commissions received related to commission sharing agreements.

Liquidnet has applied the practical expedient in IFRS 15, allowing for the non-disclosure of both the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount. In relation to these contracts Liquidnet has a right that corresponds directly with the value of the Liquidnet Group's performance completed.

Other income includes administrative fees earned on the commission management programmes and subscription revenue, all of which are recorded on an accrual basis.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Liquidnet Group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value.

Subsequent changes in such fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Liquidnet Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year. All subsequent changes in the fair value of contingent consideration classified as an asset or a liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Liquidnet Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 'Income Taxes';
- liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 'Employee Benefits';
- acquiree share-based payment awards replaced by Liquidnet Group awards are measured in accordance with IFRS 2 'Share-based Payments'; and
- assets or disposal groups that are classified for sale are measured in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, provisional amounts are reported. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect the facts and circumstances that existed as at the acquisition date.

Non-controlling interests in the acquired entity are initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Goodwill

Goodwill arising on consolidation represents the excess of the subsidiary or associate at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill recognised as an asset is reviewed for impairment at least annually. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to each of the Liquidnet Group's cash-generating units (**CGU**) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of any goodwill allocated to the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Goodwill arising on the acquisition of an associate or joint venture is included within the carrying value of the associate or the joint venture. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(d) Intangible assets

Software and software development costs:

An internally generated intangible asset arising from the Liquidnet Group's software development is recognised at cost only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

Where the above conditions are not met, costs are expensed as incurred.

Acquired separately or from a business combination:

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in a business acquisition are capitalised at fair value at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Amortisation charged on assets with a finite useful life is taken to the income statement through administrative expenses.

Other than software development costs, intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their finite useful lives generally on a straight-line basis, as follows:

Software:
Purchased or developed — up to five years
Software licenses — over the period of the licence

Acquisition intangibles:
Brand/Trademarks — up to five years
Customer relationships — two to 20 years
Other intangibles — over the period of the contract

Intangible assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(e) Property, plant and equipment

Buildings, furniture, fixtures, equipment and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight-line basis over its expected useful life as follows:

Computer equipment — three years
Furniture and fixtures — seven years
Office equipment — five years

Liquidnet depreciates its leasehold improvements on a straight-line basis over the lesser of the term of the underlying lease and the useful life of the improvement.

(f) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Liquidnet Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Liquidnet Group estimates the recoverable amount of the CGU to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Liquidnet Group's balance sheet when the Liquidnet Group has become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

While it is not the intention of the Liquidnet Group to hold securities, on occasion, the Liquidnet Group may hold securities for a temporary period. The Liquidnet Group typically unwinds the position the next business day. When the circumstances occur, the Liquidnet Group may execute a hedge in order to minimise the financial risk and exposure of unwinding the position.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (**FVTOCI**):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (**FVTPL**).

The Liquidnet Group may make the following irrevocable elections or designations at initial recognition of a financial asset:

- to irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- to irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments at FVTOCI

On initial recognition, the Liquidnet Group may make an irrevocable election, on an instrument-by-instrument basis, to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Liquidnet Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as finance income in profit or loss.

The Liquidnet Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Liquidnet Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Liquidnet Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in finance income.

Derecognition of financial assets

The Liquidnet Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. If the Liquidnet Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Liquidnet Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Liquidnet Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Liquidnet Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Liquidnet Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

The Liquidnet Group recognises a loss allowance for expected credit losses (**ECL**) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Liquidnet Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Liquidnet Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Liquidnet Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Liquidnet Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Liquidnet Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Liquidnet Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- significant increases in credit risk on other financial instruments of the same debtor, or an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Liquidnet Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Liquidnet Group has reasonable and supportable information that demonstrates otherwise.

The Liquidnet Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Liquidnet Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Liquidnet Group considers this to be Baa3 or higher per Moody's or BBB- or higher per both Standard & Poor's and Fitch.

The Liquidnet Group monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Definition of default

The Liquidnet Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Liquidnet Group in full, without recourse by the Liquidnet Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Liquidnet Group is exposed to credit risk.

Write-off policy

The Liquidnet Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets written off may still be subject to enforcement activities under the Liquidnet Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables, including settlement balances and deposits paid for securities borrowed, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Liquidnet Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of Liquidnet's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Liquidnet's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Liquidnet Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

Liquidnet does not hold or designate financial liabilities as at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Liquidnet Group derecognises financial liabilities when, and only when, the Liquidnet Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Liquidnet Group exchanges with the existing lender one debt instrument for another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. If the financial liability is extinguished with equity instruments, the difference between the carrying amount of the financial liability and the consideration paid (including the equity instruments issued) is recognised in profit or loss.

Similarly, the Liquidnet Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

(h) Restricted funds, cash and cash equivalents

Cash equivalents comprise overnight deposits, money market accounts and all highly liquid investments, with maturities of three months or less at the date of purchase. Liquidnet generally holds available cash and cash equivalents in bank deposits, Treasury bills, money market funds, certificates of deposit and commercial paper.

Cash and cash equivalents are maintained primarily with one financial institution. The carrying amount reported in the consolidated balance sheet approximates fair value because of the immediate or short-term maturity of these financial instruments.

Liquidnet regularly maintains funds in its operating accounts and segregated accounts that are held with financial institutions that exceed local deposit insurance limit.

Restricted funds comprise cash held with a central counterparty clearing house (**CCP**), or a financial institution providing the Liquidnet Group with access to a CCP, funds set aside for regulatory purposes, and funds held on behalf of customers. The funds represent cash for which the Liquidnet Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

(i) Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at the fair value and subsequently are measured at amortised cost using the effective interest method. The direct issuance cost of the debt is capitalised and amortised using the effective interest method over the life of the instrument.

(j) Foreign currencies

The individual financial statements of each Liquidnet Group company are prepared in the currency of the primary economic environment in which it operates, its functional currency. For the purpose of the Consolidated Financial Statements, the results and financial position of each Liquidnet Group company are expressed in U.S. Dollars, which is the functional currency of Liquidnet and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Gains and losses arising from the settlement of these transactions, and from the retranslation of monetary assets and liabilities denominated in currencies other than the functional currency at rates prevailing at the balance sheet date, are recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at historical cost or fair value are translated at the exchange rate at the date of the transaction or at the date the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Liquidnet Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as other comprehensive income and transferred to the Liquidnet Group's translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of. Income and expense items are translated at average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used.

The Liquidnet Group applies direct method of foreign operations' translation, translating each subsidiary into the reporting currency.

(k) Taxation

The tax expense represents the sum of current tax payable arising in the year, movements in deferred tax and movements in tax provisions.

The current tax payable arising in the year is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Temporary differences are not recognised if they arise from goodwill or from initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Liquidnet Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled or when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

(l) Leases

The Liquidnet Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Liquidnet Group as a lessee

The Liquidnet Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Liquidnet Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(A) Right-of-use assets

The Liquidnet Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(B) Lease liabilities

At the commencement date of the lease, the Liquidnet Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Liquidnet Group and payments of penalties for terminating the lease, if the lease term reflects the Liquidnet Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

(C) Short-term leases and leases of low-value assets

The Liquidnet Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(m) *Retirement benefit costs*

Defined contributions made to employees' personal pension plans are charged to the income statement as and when incurred.

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method.

Actuarial gains and losses are recognized in full in the year in which they occur. They are recognised outside the income statement and are presented in other comprehensive income.

Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Liquidnet Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs.

The amount recognised in the balance sheet represents the gross of the present value of the defined benefit obligation as adjusted for actuarial gains and losses and past service cost. The reimbursement asset related to the defined benefit plan is presented gross at the fair value of the underlying purchased life insurance policies.

(n) *Share-based payments*

The Liquidnet Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis in the event of the cliff vesting award and on graded vesting basis for the awards which vest on an annual basis from grant date, based on the Liquidnet Group's estimate of shares that will eventually vest.

The fair value of share options issued is determined using appropriate valuation models. The expected life used in the models has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The estimated fair value of shares granted is based on the share price at grant date, reduced where shares do not qualify for dividends during the vesting period.

(o) Treasury shares

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(p) Accounting estimates and judgements

The preparation of consolidated financial statements requires management to make estimates and assumptions that could affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Liquidnet Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options — Liquidnet Group as lessee

The Liquidnet Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Liquidnet Group has several lease contracts that include extension and termination options. The Liquidnet Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Liquidnet Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Liquidnet Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Liquidnet Group. Such changes are reflected in the assumptions when they occur.

Leases — estimating the incremental borrowing rate IFRS 16.26

The Liquidnet Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest that the Liquidnet Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Liquidnet Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Liquidnet Group estimates the IBR using observable inputs (such as market interest rates) when available.

Development costs

The Liquidnet Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2019, the carrying amount of capitalised development costs was \$17.6 million (2018: \$18.2 million, 2017: \$13.0 million).

(q) Earnings per share

Earnings per share has not been calculated and disclosed within Liquidnet's financial statements as this calculation and disclosure will be done at the parent level and will be included in TP ICAP's financial statements.

4. Segmental analysis

Products and services from which reportable segments derive their revenues

The following segmental analysis is not a requirement for Liquidnet under IFRS 8 but has been incorporated to align to TP ICAP's financial statement disclosure notes and represents an analysis of Liquidnet's results by geographical location. Based on the information reviewed by Liquidnet's CEO for the purposes of allocating resources and assessing performance, Liquidnet has only one operating segment.

Information regarding the Liquidnet Group's geographical split is reported below:

Analysis by geographic segment

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Revenue (excluding intercompany)			
EMEA	128.7	146.2	125.7
Americas	126.9	150.4	156.4
Asia Pacific	46.6	44.8	36.2
	302.2	**341.5**	**318.3**
Operating Expenses (excluding intercompany)			
EMEA	76.3	67.2	85.1
Americas	193.0	188.2	128.9
Asia Pacific	36.6	31.4	32.4
	305.9	**286.8**	**246.4**
Operating Profit (EBT) (excluding intercompany)			
EMEA	52.4	79.0	40.7
Americas	(66.1)	(37.8)	27.5
Asia Pacific	10.1	13.5	3.7
	(3.6)	**54.7**	**71.9**
Intercompany Revenue			
EMEA	6.1	4.1	1.0
Americas	200.4	172.3	154.3
Asia Pacific	3.4	0.6	0.6
	209.8	**177.1**	**155.9**
Intercompany Expenses			
EMEA	46.2	42.2	34.8
Americas	57.0	60.0	56.0
Asia Pacific	12.9	7.1	6.2
	116.0	**109.2**	**97.0**
Operating Profit (EBT) (including intercompany)			
EMEA	12.3	40.9	7.0
Americas	77.3	74.6	125.7
Asia Pacific	0.6	6.9	(1.9)
	90.2	**122.5**	**130.8**
Taxation			
EMEA	2.5	7.9	8.2
Americas	(10.2)	(0.4)	8.7
Asia Pacific	1.0	0.6	0.6
	(6.7)	**8.1**	**17.5**
Profit			
EMEA	49.2	71.2	32.4
Americas	(70.8)	(54.0)	2.5
Asia Pacific	8.9	12.7	3.0
	(12.8)	**29.9**	**38.0**

There are no inter-segment sales included in the geographic segment revenue.

Liquidnet is domiciled in the U.S. Revenue attributable to the U.S. amounted to $119 million (2018: $142 million) and the total revenue from other countries was $183 million (2018: $199 million).

5. Administrative expenses

	Year ended 31 December 2019 **Total ($ million)**
Broker compensation costs	—
Other staff costs	95.6
Other share-based payment charge/(credit)	13.8
Charge relating to employee long-term benefits	14.3
Employment costs (Note 7)	123.7
Technology and related costs	23.9
Premises and related costs	2.1
Amortisation of other intangible assets (Note 11)	15.5
Depreciation of property, plant and equipment (Note 12)	13.1
Depreciation of right-of-use assets (Note 13)	9.5
Amortisation of intangible assets arising on consolidation (Note 10)	4.6
Impairment of intangible assets arising on consolidation (Note 10)	—
Adjustments to deferred consideration	(0.2)
Other administrative costs	113.7
	305.9
Impairment loss on trade receivables	—
	305.9

	Year ended 31 December 2018 **Total ($ million)**
Broker compensation costs	—
Other staff costs	94.3
Other share-based payment charge/(credit)	9.4
Charge relating to employee long-term benefits	13.4
Employment costs (Note 7)	117.1
Technology and related costs	21.3
Premises and related costs	2.9
Amortisation of other intangible assets (Note 11)	14.1
Depreciation of property, plant and equipment (Note 12)	9.9
Depreciation of right-of-use assets (Note 13)	13.7
Amortisation of intangible assets arising on consolidation (Note 10)	2.1
Impairment of intangible assets arising on consolidation (Note 10)	—
Adjustments to deferred consideration	(0.2)
Other administrative costs	105.7
	286.8
Impairment loss on trade receivables	0.2
	286.8

	Year ended 31 December 2017
	Total ($ million)
Broker compensation costs	—
Other staff costs	85.4
Other share-based payment charge/(credit)	9.6
Charge relating to employee long-term benefits	11.2
Employment costs (Note 7)	106.2
Technology and related costs	18.6
Premises and related costs	2.0
Amortisation of other intangible assets (Note 12)	10.2
Depreciation of property, plant and equipment (Note 13)	7.9
Depreciation of right-of-use assets (Note 13)	3.7
Amortisation of intangible assets arising on consolidation (Note 11)	1.5
Impairment of intangible assets arising on consolidation (Note 11)	—
Adjustments to deferred consideration	(3.2)
Other administrative costs	95.3
	242.2
Impairment loss on trade receivables	4.2
	246.4

In December 2017, the investment in OTR Global Holdings II, Inc. (**OTR**) was revalued and a loss on revaluation of $4 million was included in 'Impairment loss on trade receivables and revaluation of other investments'.

The analysis of auditor's remuneration is as follows:

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Audit of the Liquidnet Group's annual accounts	0.9	0.9	0.7
Audit of Liquidnet's subsidiaries and associates pursuant to legislation	0.4	0.4	0.4
Total audit fees	**1.3**	**1.3**	**1.1**
Audit related assurance services[1]	0.1	—	0.1
Other assurance services[2]	0.2	0.1	0.1
Total non-audit fees	**0.3**	**0.1**	**0.2**
Audit fees payable to Liquidnet's auditor and its associates in respect of associated pension schemes			

(1) Audit related assurance services relate to services required by law or regulation, assurance on regulatory returns and review of interim financial information.

(2) Other assurance services relate to non-statutory audits and other permitted assurance services

6. Staff costs

The average monthly number of full-time equivalent employees and directors of the Liquidnet Group was:

	Year ended 31 December		
	2019	2018	2017
		(number)	
EMEA	118	91	74
Americas	287	279	256
Asia Pacific	51	46	39
	456	**416**	**370**

The aggregate employment costs of staff and directors were:

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Wages, salaries, bonuses and incentive payments	111.8	107.0	93.9
Social security costs	6.6	6.6	6.1
Defined contribution pension costs (Note 29)	3.5	2.3	2.4
	121.9	**115.9**	**102.4**

7. Finance income

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Interest receivable and similar income	2.1	1.8	0.7
Interest receivable on finance leases	—	0.5	0.3
Deemed interest arising on the defined benefit pension scheme surplus	—	—	—
	2.1	**2.3**	**1.0**

8. Finance costs

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Interest and fees payable on bank facilities	7.2	4.0	12.4
Other interest payable	0	0	0
Amortisation of debt issue and bank facility costs	1.2	1.3	1.4
Borrowing costs	8.4	5.3	13.8
Interest payable on lease liabilities (Note 13)	9.5	13.7	3.6
	17.9	**19.0**	**17.4**

9. Taxation

	2019	2018	2017
		($ million)	
Current tax charge/ (credit):			
Federal tax	5.0	8.9	12.2
State and local tax	0.7	0.3	1.8
Uncertain tax positions	0.8	0.5	—
Adjustment for prior years	(0.7)	0.1	(4.7)
	5.8	9.8	9.3
Deferred tax charge/ (credit):			
Current year	(8.2)	(0.7)	3.1
Adjustment for prior years	(4.0)	(0.9)	3.3
Rate Change Adjustment	(0.3)	(0.1)	1.9
	(12.5)	(1.7)	8.2
Overall tax charge/ (credit) in the Income Statement	(6.7)	8.1	17.5

An analysis of the tax (charge)/ credit on items charged directly to equity is as follows:

	2019	2018	2017
		($ million)	
Equity compensation schemes			
Deferred tax (charge) / credit	(2.8)	4.3	(0.5)
Total (charge)/ credit to equity	(2.8)	4.3	(0.5)

	2019	2018	2017
		($ million)	
Profit / (Loss) before tax	(19.5)	38.0	55.5
Tax charge/ (credit) at average tax rate of 21% (2017: 35%)	(4.1)	8.0	19.4
Effects of:			
Non-deductible expenses	0.3	0.3	0.8
State and local taxes	(1.2)	0.8	0.9
Dividends	2.0	3.7	3.1
Stock options	0.8	0.5	0.1
s.199 adjustments	—	—	(0.3)
R&D	(2.0)	(1.1)	(0.3)
Rate Change Adjustment	—	(0.1)	2.1
Unrecognised deferred tax	—	—	0.4
Adjustments in respect of prior years	(4.5)	(0.8)	(0.4)
Uncertain tax positions	0.8	0.5	0.1
Overseas earnings taxed at a lower rate	0.9	(1.7)	(7.4)
Other	0.4	(1.8)	(0.0)
Overall tax charge/ (credit)	**(6.7)**	**8.1**	**17.5**
Effective tax rate %	**34.49%**	**21.44%**	**31.49%**

Current tax liabilities/(assets)

Current tax liabilities were as follows:

	2019	2018	2017
		($ million)	
Tax payable	(4.3)	(5.8)	(8.5)

10. Intangible assets arising on consolidation

	Goodwill ($ million)	Other ($ million)	Total ($ million)
At 1 January 2019	47.5	4.2	51.7
Recognised on acquisitions	13.0	11.7	24.6
Remeasurement period adjustments:			
— Remeasurement of other intangible assets	—	—	—
— Increase in net assets acquired	—	—	—
Amortisation of acquisition related intangibles	—	(4.6)	(4.6)
Effect of movements in exchange rates	0.1	—	0.1
At 31 December 2019	60.6	11.3	71.9
At 1 January 2018	48.0	6.3	54.3
Recognised on acquisitions	—	—	—
Remeasurement period adjustments:			
— Remeasurement of other intangible assets	—	—	—
— Increase in net assets acquired	(0.3)	—	(0.3)
Amortisation of acquisition related intangibles	—	(2.1)	(2.1)
Effect of movements in exchange rates	(0.2)	—	(0.2)
At 31 December 2018	47.5	4.2	51.7
At 1 January 2017	37.4	0.3	37.7
Recognised on acquisitions	10.5	7.6	18.0
Remeasurement period adjustments:			
— Remeasurement of other intangible assets	—	—	—
— Increase in net assets acquired	—	—	—
Amortisation of acquisition related intangibles	—	(1.5)	(1.5)
Effect of movements in exchange rates	0.2	—	0.2
At 31 December 2017	48.0	6.3	54.3

Other intangible assets at 31 December 2019 represent customer relationships, $0.8 million (2018: $1.3 million, 2017: $1.4 million), business brands and trade marks, $0.5 million (2018: $0.7 million, 2017: $0.8 million) and software, \$10.0 million (2018: \$2.4 million, 2017: \$4.1 million) that arise through business combinations. Customer relationships are being amortised over five years.

The Liquidnet Group operates as a single cash-generating unit ('CGU'). A CGU is the lowest level at which the Liquidnet Group monitors and tests goodwill for impairment purposes.

The Liquidnet Group's single CGU is tested for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU. The recoverable amount is the higher of its value in use (**VIU**) or its fair value less cost of disposal (**FVLCD**). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared to the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared to a post-tax carrying value of the CGU. The CGU's recoverable amount is compared to its carrying value to determine if an impairment is required.

The key assumptions for the VIU calculations are those regarding expected cash flows arising in future years, growth rates and the discount rates. Future projections are based on the most recent financial projections considered by the Board which are used to project pre-tax cash flows for the next five years (the projection period). After this period, a growth rate of 3% is used to estimate the residual cash flows and derive a terminal value for the CGU.

As at 31 December 2019, the recoverable amount for each CGU was based on its VIU. The pre-tax discount rate was 14% (2018: 10.5%, 2017: 11.5%). As a result, the recoverable amount of the CGU was estimated to be higher than its carrying value and therefore no impairment was recognised.

11. Other intangible assets

	Purchased and developed software
	($ million)
Cost	
At 1 January 2019	126.4
Additions	23.2
Amounts derecognised	(3.1)
Effect of movements in exchange rates	0.5
At 31 December 2019	147.1
Accumulated amortisation	
At 1 January 2019	(99.8)
Charge for the year	(15.5)
Amounts derecognised	—
Effect of movements in exchange rates	(0.9)
At 31 December 2019	(116.2)
Carrying amount	
At 31 December 2019	30.9
Cost	
At 1 January 2018	106.7
Additions	24.0
Amounts derecognised	—
Effect of movements in exchange rates	(4.3)
At 31 December 2018	126.4
Accumulated amortisation	
At 1 January 2018	(86.8)
Charge for the year	(14.1)
Amounts derecognised	—
Effect of movements in exchange rates	1.2
At 31 December 2018	(99.8)
Carrying amount	
At 31 December 2018	26.6
Cost	
At 1 January 2017	84.2
Additions	19.0
Amounts derecognised	—
Effect of movements in exchange rates	3.5
At 31 December 2017	106.7
Accumulated amortisation	
At 1 January 2017	(69.0)
Charge for the year	(10.2)
Amounts derecognised	(6.7)
Effect of movements in exchange rates	(0.9)
At 31 December 2017	(86.8)
Carrying amount	
At 31 December 2017	19.9

12. Property, plant and equipment

	Land, buildings and leasehold improvements	Furniture, fixtures, equipment and motor vehicles	Total
Cost			
At 1 January 2019	31.4	66.1	97.4
Additions	16.5	7.5	24.0
Disposals	(5.9)	(4.2)	(10.0)
Effect of movements in exchange rates	0.4	0.4	0.7
At 31 December 2019	42.4	69.7	112.1
Accumulated depreciation			
At 1 January 2019	(7.2)	(42.0)	(49.2)
Charge for the year	(3.1)	(10.0)	(13.1)
Disposals	3.8	1.1	4.9
Effect of movements in exchange rates	(0.2)	1.0	0.8
At 31 December 2019	(6.7)	(49.8)	(56.5)
Carrying amount			
At 31 December 2019	35.7	19.9	55.6

	Land, buildings and leasehold improvements	Furniture, fixtures, equipment and motor vehicles	Total
Cost			
At 1 January 2018	30.4	50.2	80.6
Additions	24.2	22.0	46.2
Disposals	(22.9)	(2.2)	(25.0)
Effect of movements in exchange rates	(0.4)	(4.0)	(4.3)
At 31 December 2018	31.4	66.1	97.4
Accumulated depreciation			
At 1 January 2018	(26.8)	(35.1)	(61.9)
Charge for the year	(2.1)	(7.8)	(9.9)
Disposals	21.6	1.9	23.4
Effect of movements in exchange rates	0.1	(0.9)	(0.8)
At 31 December 2018	(7.2)	(42.0)	(49.2)
Carrying amount			
At 31 December 2018	24.1	24.1	48.2
Cost			
At 1 January 2017	29.1	41.7	70.8
Additions	0.2	8.9	9.1
Disposals	—	(4.9)	(4.9)
Effect of movements in exchange rates	1.1	4.5	5.6
At 31 December 2017	30.4	50.2	80.6
Accumulated depreciation			
At 1 January 2017	(24.5)	(33.2)	(57.7)
Charge for the year	(2.2)	(5.7)	(7.9)
Disposals	—	4.7	4.7
Effect of movements in exchange rates	(0.2)	(0.9)	(1.1)
At 31 December 2017	(26.8)	(35.1)	(61.9)
Carrying amount			
At 31 December 2017	3.6	15.0	18.6

13. Right-of-use assets

	Total
	($ million)
At 1 January 2017	**16.5**
Additions	0.6
Modifications	—
Depreciation	(3.6)
Impairment	—
Effect of movements in exchange rates	0.3
At 31 December 2017	**13.8**
Additions	84.9
Modifications	0.5
Depreciation	(13.7)
Impairment	—
Effect of movements in exchange rates	(0.3)
At 31 December 2018	**85.2**
Additions	14.6
Modifications	3.2
Depreciation	(9.5)
Impairment	—
Effect of movements in exchange rates	0.5
At 31 December 2019	**93.9**

The Liquidnet Group leases several buildings which have an average lease term of 10 years.

The maturity analysis of lease liabilities is presented in Note 20.

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Amounts recognised in profit and loss			
Depreciation expense on right-of-use assets	3.6	13.7	9.5
Interest expense on lease liabilities	1.4	4.7	7.0
Expense relating to short-term leases	1.7	3.8	5.4
Expense relating to leases of low-value assets	—	—	—
Expense relating to variable lease payments not included in the measurement of the lease liability	—	—	—
Income from sub-leasing right-of-use assets	0.3	0.1	—

14. Other investments

	Year ended 31 December		
	2017	2018	2019
		($ million)	
At 1 January	**5.5**	**2.1**	**2.4**
Additions	0.6	0.3	0.1
Revaluation of equity instruments at FVTOCI/FVTPL	(4.0)	—	—
At 31 December	**2.1**	**2.4**	**2.5**
Categorisation of other investments:			
Equity instruments at FVTOCI	—	—	—
Equity instruments at FVTPL	2.1	2.4	2.5

Other investments comprise investments in OTR Global Holdings II, Inc. (**OTR**) and private equity fund, which are classified as equity instruments at fair value through profit or loss.

Liquidnet acquired a $8 million preferred equity interest in OTR in December 2009. Since December 2017, the fair value of investment in OTR is assessed as zero given no realistic prospects of recovering the investment made. The revaluation of $4 million was recognised in profit or loss ('Impairment loss on trade receivables and revaluation of other investments') for the year ended 31 December 2017.

In June 2014 Liquidnet committed $2.5 million to a private equity investment fund. The increase in the value of the investment reflects the additional funding from Liquidnet, i.e. as at 1 January 2017 Liquidnet funded $1.5 million, and as at 31 December 2019 $2.4 million.

The fair values are based on valuations as disclosed in Note 21. Equity instruments comprise securities that do not qualify as associates or joint ventures.

15. Deferred tax

	2019
	$ millions
Deferred tax assets/(liabilities) 31 December 2019	
Provision at start of period	16.9
Deferred tax charge to income statement for the period	12.5
PPA	(1.5)
Movement in valuation allowance	—
Effect of changes in tax rates	(0.3)
Deferred tax charge to equity for the period	(2.8)
Provision at end of period	24.8

	2018
	$ millions
Deferred tax assets/(liabilities) 31 December 2018	
Provision at start of period	11.0
Deferred tax charge to income statement for the period	1.7
Movement in valuation allowance	—
Effect of changes in tax rates	(0.1)
Deferred tax charge to equity for the period	4.3
Provision at end of period	16.9

	2017
	$ millions
Deferred tax assets/(liabilities) 31 December 2017	
Provision at start of period	19.4
Deferred tax credit to income statement for the period	(5.4)
PPA	(0.7)
Balance sheet reclass	0.2
Movement in valuation allowance	—
Effect of changes in tax rates	(1.9)
Deferred tax charge to equity for the period	(0.5)
Provision at end of period	11.0

The deferred tax asset is principally in relation to timing differences related to employee compensation, which is partially offset by the deferred tax liability related to intangible assets.

16. Trade and other receivables

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Non-current receivables			
Finance lease receivables	—	0.3	3.5
	—	0.3	3.5
Current receivables			
Trade receivables	2.5	1.2	1.3
Settlement balances	91.8	94.2	83.6
Financial assets	94.3	95.4	84.9
Other debtors	2.1	4.2	3.7
Prepayments	8.4	7.3	12.9
Corporation tax	—	0.7	—
	104.8	**107.7**	**101.5**

The directors consider that the carrying amount of trade and other receivables which are not held at fair value through profit or loss approximate to their fair values. No interest is charged on outstanding trade receivables.

For the year ended 31 December 2019 the Liquidnet Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 31 December 2019 the provision for expected credit losses amounted to less than $1 million.

Settlement balances include primarily the net amounts receivable on open transactions from clearing organisations and cash deposits. The Liquidnet Group measures loss allowances for settlement balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of underlying instruments, that could arise as a result of default. As at 31 December 2019, the provision for expected credit losses amounted to less than $1 million.

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Amounts receivable under finance leases:			
Year 1	3.3	0.3	0.0
Year 2	0.3	0.0	0.0
Undiscounted lease payments	3.6	0.3	—
Unguaranteed residual values	—	—	—
Less unearned finance income	(0.1)	—	—
Less: unearned finance income	3.5	0.3	—
Present value of lease payments receivable Impairment loss allowance	—	—	—
	3.5	**0.3**	**—**

Undiscounted lease payments analysed as:

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Recoverable after 12 months	0.3	—	—
Recoverable within 12 months	3.3	0.3	—

Net investment in the lease analysed as:

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Recoverable after 12 months	0.1	—	—
Recoverable within 12 months	3.4	0.3	—

The Liquidnet Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the recording entities.

The following table presents the amounts included in profit or loss.

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Selling profit/loss for finance leases	—	—	—
Finance income on the net investment in finance leases	0.3	0.1	—

The Liquidnet Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the recording entities.

The Liquidnet Group's finance lease arrangements do not include variable payments.

The average effective interest rate contracted approximates 8.64% per annum.

The directors of Liquidnet estimated the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting year is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, the directors of Liquidnet consider that no finance lease receivable is impaired.

17. Trade and other payables

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Trade payables	2.3	2.5	—
Settlement balances	99.4	113.1	110.3
Deposits received for securities loaned	—	—	—
Derivatives at FVTPL	—	—	—
Deferred consideration (Note 26)	—	0.8	0.6
Financial liabilities	101.6	116.4	110.9
Tax and social security	1.3	0.9	—
Other creditors	0.5	0.5	1.3
Accruals	34.5	41.9	48.0
Deferred income	0.9	0.6	—
Owed to associates and joint ventures	—	—	—
	138.8	**160.3**	**160.1**

The directors consider that the carrying amount of trade and other payables which are not held at fair value through profit or loss approximate to their fair values.

18. Interest bearing loans and borrowings

	Less than one year	Greater than one year	Total
	($ million)	($ million)	($ million)
2019			
Bank loans	9.2	112.4	121.6
	9.2	112.4	121.6
2018			
Bank loans	58.8	121.6	180.4
	58.8	121.6	180.4
2017			
Bank loans	8.8	180.4	189.2
	8.8	180.4	189.2

Liquidnet issued a $200 million floating rate term loan (the **loan**) in 2017 at 4.25% percent over the London Inter Bank Offer Rate ('LIBOR') subject to a LIBOR floor of 1% or 3.25% over the prime rate subject to a prime rate floor of 2%. The loan issued in 2017 was refinancing of the loan issued in 2014 and was accounted for the extinguishment of the loan issued in 2014 by Liquidnet per the requirements of IFRS 9 and all cost associated with the previous loan were recycled to the profit and loss during 2017. The LIBOR rate was used to determine the interest payments since issuance. During 2018, loan was repriced to 3.25% over LIBOR subject to the floor of 1%. As of 31 December 2017, 2018 and 2019, the interest rate was 5.82%, 5.59% and 4.95% per annum.

The ownership interest of certain subsidiaries, including Liquidnet's U.S. Broker Dealer subsidiary, has been pledged as collateral. The credit and guarantee contains customary affirmative and negative covenants, including limitation on indebtedness, liens, hedging arrangements, investments, loan and advances, asset sales, mergers and acquisitions, dividends, transactions with affiliates, prepayments of the other indebtedness, restriction on subsidiaries, and issuance of capital stock.

All amounts are denominated in U.S. dollars and are stated net of debt issuance costs. Debt issuance costs of $7.2 million were capitalized as part of the 2017 loan issuance. An analysis of borrowings by maturity has been disclosed in Note 21.

19. Lease liabilities

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Maturity analysis:			
Year 1	14.3	7.8	11.6
Year 2	2.4	10.5	13.4
Year 3	0.9	10.3	13.7
Year 4	0.7	9.9	13.3
Year 5	0.4	9.7	13.0
Onwards	—	108.7	110.5
	18.8	**156.8**	**175.6**
Less unearned interest	**(0.9)**	**(55.4)**	**(55.5)**
	17.9	**101.4**	**120.0**

Analysed as:

	Year ended 31 December		
	2017	2018	2019
		($ million)	
Non-current	**4.4**	**97.5**	**114.4**
Current	**13.5**	**4.0**	**5.6**
	17.9	**101.4**	**120.0**

20. Other long-term payables

	Year ended 31 December		
	2019	2018	2017
		($ million)	
Accruals and deferred income	2.4	1.3	0.9
Deferred consideration (Note 26)	—	—	0.9
	2.4	**1.3**	**1.8**

21. Financial instruments

(a) Financial and liquidity risk

Liquidnet is an agency only broker and as such does not take proprietary positions on balance sheet. In addition, Liquidnet uses well capitalised investment firms to clear trades that it arranges for its members. Both of these items significantly limit the amount of liquidity risk to Liquidnet. Additionally, Liquidnet maintains intercompany arrangements to help facilitate the movement of cash between legal entities as the need arises. Cash is kept primarily with one global bank to again ensure the ease of liquidity management.

Liquidnet has outstanding a "covenant light" term loan with a lone earnings requirement that has always been met. Additionally, Liquidnet maintains a net cash position at all times.

(b) Capital management

Liquidnet's capital management objective is to 1) maintain sufficient surplus capital well in excess of local regulatory requirements, 2) ensure the adequate capital in all client facing institutions to ensure 3) provided liquidity and flexibility at the parent level to ensure new businesses have access to overall capital to grow during the investment stage.

(c) Categorisation of financial assets and liabilities

	FVTOCI debt instruments	FVTOCI equity instruments	FVTPL equity instruments	Amortised cost	Mandatorily at FVTPL	Total carrying amount
Financial assets						
2017						
Non-current financial assets measured at fair value						
Equity securities	—	—	2.1	—	—	2.1
Corporate debt securities	—	—	—	—	—	—
Non-current financial assets not measured at fair value						
Finance lease receivables	—	—	—	3.5	—	3.5
Current financial assets measured at fair value	—	—	—	—	—	—
Derivative instruments	—	—	—	—	—	—
Government debt securities	—	—	—	—	—	—
Current financial assets not measured at fair value[(1)]						
Term deposits	—	—	—	—	—	—
Security deposits	—	—	—	1.4	—	1.4
Restricted funds						
Trade receivables	—	—	—	1.3		1.3
Settlement balances receivable	—	—	—	83.6	—	83.6
Deposits paid for securities borrowed	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	346.9	—	346.9
Total financial assets	—	—	2.1	436.7	—	438.8

	FVTOCI debt instruments	FVTOCI equity instruments	FVTPL equity instruments	Amortised cost	Mandatorily at FVTPL	Total carrying amount
Financial assets						
2018						
Non-current financial assets measured at fair value						
Equity securities	—	—	2.4	—	—	2.4
Corporate debt securities	—	—	—	—	—	—
Non-current financial assets not measured at fair value						
Finance lease receivables	—	—	—	0.3	—	0.3
Current financial assets measured at fair value						
Derivative instruments	—	—	—	—	—	—
Government debt securities	—	—	—	—	—	—
Current financial assets not measured at fair value						
Term deposits	—	—	—	—	—	—
Security deposits	—	—	—	0.7	—	0.7
Restricted funds	—	—	—		—	
Trade receivables	—	—	—	1.2	—	1.2
Settlement balances receivable	—	—	—	94.2	—	94.2
Deposits paid for securities borrowed	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	336.3	—	336.3
Total financial assets	—	—	2.4	432.7	—	435.1

	FVTOCI debt instruments	FVTOCI equity instruments	FVTPL equity instruments	Amortised cost	Mandatorily at FVTPL	Total carrying amount
Financial assets						
2019						
Non-current financial assets measured at fair value						
Equity securities	—	—	2.5	—	—	2.5
Corporate debt securities	—	—	—	—	—	—
Non-current financial assets not measured at fair value						
Finance lease receivables	—	—	—	—	—	—
Current financial assets measured at fair value						
Derivative instruments	—	—	—	—	—	—
Government debt securities	—	—	—	—	—	—
Current financial assets not measured at fair value[(1)]						
Term deposits	—	—	—	—	—	—
Security deposits	—	—	—	0.9	—	0.9
Restricted funds	—	—	—	—	—	—
Trade receivables	—	—	—	2.5	—	2.5
Settlement balances receivable	—	—	—	91.8	—	91.8
Deposits paid for securities borrowed	—	—	—	—	—	—
Cash and cash equivalents	—	—	—	230.4	—	230.4
Total financial assets	—	—	2.5	325.6	—	328.1

Financial assets and liabilities not measured at fair value are only measured at fair value on initial recognition.

Financial liabilities	Mandatorily at FVTP		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
	$m	$m	$m	$m	$m
2017					
Financial liabilities measured at fair value					
Deferred consideration	0.9	0.6	—	—	1.5
Financial liabilities not measured at fair value(1)					
Term loan	—	—	180.4	8.8	189.2
Trade payables	—	—	—	—	—
Settlement balances payable	—	—	—	110.3	110.3
Deposits received for securities loaned	—	—	—	—	—
Lease liabilities	—	—	4.4	13.5	17.9
Total financial liabilities	0.9	0.6	184.8	132.6	318.9

Financial liabilities	Mandatorily at FVTP		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
	$m	$m	$m	$m	$m
2018					
Financial liabilities measured at fair value					
Deferred consideration	—	0.8	—	—	0.8
Financial liabilities not measured at fair value(1)					
Bank loan	—	—	121.6	58.8	180.4
Trade payables	—	—	—	2.5	2.5
Settlement balances payable	—	—	—	113.1	113.1
Deposits received for securities loaned	—	—	—	—	—
Lease liabilities	—	—	97.5	4.0	101.4
Total financial liabilities	—	0.8	219.1	178.4	397.2

Financial liabilities	Mandatorily at FVTP		Other financial liabilities		Total carrying amount
	Non-current	Current	Non-current	Current	
	$m	$m	$m	$m	$m
2019					
Financial liabilities measured at fair value					
Deferred consideration	—	—	—	—	—
Financial liabilities not measured at fair value(1)					
Term loan	—	—	112.4	9.2	121.6
Trade payables	—	—	—	2.3	2.3
Settlement balances payable	—	—	—	99.4	99.4
Deposits received for securities loaned	—	—	—	—	—
Lease liabilities	—	—	114.4	5.6	120.0
Total financial liabilities	—	—	226.8	116.5	343.3

Financial assets and liabilities not measured at fair value are only measured at fair value on initial recognition.

(d) Credit risk

In the normal course of business, Liquidnet is involved in the execution of various customer securities transactions. In accordance with the respective clearing agreements with certain clearing brokers, the clearing brokers have the right to charge our licensed securities dealer subsidiaries for losses that may result from a counterparty's failure to meet its settlement obligations. As the right to charge the licensed securities dealers has no maximum amount and applies to all trades executed through the clearing brokers, we believe there is no maximum amount assignable to this right of the clearing firms. In addition, our licensed securities dealer subsidiaries have the right to pursue collection or performance from the counterparties who do not meet their settlement obligations. To date, we have not experienced any credit losses resulting from counterparty credit failures.

(e) Maturity profile of financial and lease liabilities

The table below reflects the contractual maturities, including future interest obligations, of the Liquidnet Group's financial and lease liabilities as at 31 December:

	Due within 3 months	Due between 3 months and 12 months	Due between 1 year and 5 years	Due after 5 years	Total
	$m	$m	$m	$m	$m
2017					
Settlement balances	110.3	—	—	—	110.3
Trade payables	—	—			—
Term loan	5.2	15.3	117.6	102.3	240.4
Deferred consideration	—	0.6	0.9	—	1.5
Lease liabilities	3.5	10.6	4.7	—	18.8
	119.0	**26.5**	**123.2**	**102.3**	**371.0**
2018					
Settlement balances	113.1	—	—	—	113.1
Trade payables	2.5	—	—	—	2.5
Term loan	5.0	64.3	63.2	87.3	219.8
Deferred consideration	—	0.8	—	—	0.8
Lease liabilities	1.6	6.2	40.2	108.8	156.8
	122.2	**71.3**	**103.4**	**196.1**	**493.0**
2019					
Settlement balances	99.4	—	—	—	99.4
Trade payables	2.3	—	—	—	2.3
Term loan	4.2	12.4	133.9	—	150.5
Deferred consideration	—	—	—	—	—
Lease liabilities	2.9	8.7	53.4	110.5	175.6
	108.8	**21.4**	**187.3**	**110.5**	**427.8**

(f) Interest rate sensitivity analysis

A 100 basis point change in interest rates, applied to average floating rate financial instrument assets and liabilities during the year, would result in the following impact on profit or loss:

	2019		2018		2017	
	+100pts	-100pts	+100pts	-100pts	+100pts	-100pts
	$m	$m	$m	$m	$m	$m
Income/(expense) arising on:						
— floating rate assets	0.74	(0.48)	0.98	(0.44)	0.76	(0.08)
— floating rate liabilities	(1.62)	1.62	(1.90)	1.56	(1.69)	0.17
Net income/(expense) for the year	**(0.88)**	**1.14**	**(0.92)**	**1.12**	**(0.93)**	**0.09**

(g) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
2017				
Financial assets measured at fair value				
Equity instruments	—	—	2.1	2.1
Financial liabilities measured at fair value				
Deferred consideration	—	—	1.5	1.5

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
2018				
Financial assets measured at fair value				
Equity instruments	—	—	2.4	2.4
Financial liabilities measured at fair value				
Deferred consideration	—	—	0.8	0.8

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
2019				
Financial assets measured at fair value				
Equity instruments	—	—	2.5	2.5
Financial liabilities measured at fair value				
Deferred consideration	—	—	—	—

There were no transfers between Level 1 and 2, as well as between Level 2 from Level 3.

Reconciliation of Level 3 fair value measurements of financial assets:

	Equity instruments (at FVTPL)	Deferred consideration (at FVTPL)	2019 Total $m
Balance as at 1 January 2019	2.4	0.8	3.2
Net change in fair value — included in 'administrative expenses'	—	(0.2)	(0.2)
Acquisitions during the year	0.1	—	0.1
Amounts settled during the year	—	(0.6)	(0.6)
Transfer to Level 2	—	—	—
Effect of movements in exchange rates	—	—	—
Balance as at 31 December 2019	2.5	—	2.5

	Equity instruments (at FVTPL)	Deferred consideration (at FVTPL)	2018 Total $m
Balance as at 1 January 2018	2.1	1.5	3.6
Net change in fair value — included in 'administrative expenses'	—	(0.2)	(0.2)
Acquisitions during the year	0.3	—	0.3
Amounts settled during the year	—	(0.5)	(0.5)
Transfer to Level 2	—	—	—
Effect of movements in exchange rates	—	—	—
Balance as at 31 December 2018	2.4	0.8	3.2

	Equity instruments (at FVTPL)	Deferred consideration (at FVTPL)	2017 Total $m
Balance as at 1 January 2017	5.5	4.7	10.2
Net change in fair value — included in 'administrative expenses'	(4.0)	(3.2)	(7.2)
Acquisitions during the year	0.6	—	0.6
Amounts settled during the year	—	—	—
Transfer to Level 2	—	—	—
Effect of movemhents in exchange rates	—	—	—
Balance as at 31 December 2017	2.1	1.5	3.6

22. Share capital

	2017 No. (thousands)	2018 No. (thousands)	2019 No. (thousands)
Allotted, issued and fully paid	154,103	155,573	159,788
Ordinary shares of $0.00001 par value			
As at 1 January			
Issue of ordinary shares	2,521	5,266	96
Stock option exercised	50	289	25
Acquisition of treasury stock	(1,101)	(1,340)	(228)
As at 31 December	155,573	159,788	159,681

23. Reconciliation of shareholders' funds

(a) Share capital, share premium account, merger reserve

	Share capital	Share premium account	Merger reserve	Total
	$m	$m	$m	$m
2017				
As at 1 January 2017	0.002	182.1	—	182.1
Issue of ordinary shares	—	—	—	—
Stock option exercised	—	0.1	—	0.1
Equity based compensation expense	—	10.6	—	10.6
As at 31 December 2017	**0.002**	**192.8**	**—**	**192.8**
2018				
As at 1 January 2018	0.002	192.8	—	192.8
Issue of ordinary shares	—	—	—	—
Stock option exercised	—	0.8	—	0.8
Equity based compensation expense	—	8.6	—	8.6
As at 31 December 2018	**0.002**	**202.2**	**—**	**202.2**
2019				
As at 1 January 2019	0.002	202.2	—	202.2
Issue of ordinary shares	—	—	—	—
Stock option exercised	—	0.1	—	0.1
Equity based compensation expense	—	9.4	—	9.4
As at 31 December 2019	**0.002**	**211.7**	**—**	**211.7**

(b) Other reserves

	Reverse acquisition reserve	Revaluation reserve	Hedging and translation	Own shares	Total Other reserves
	$m	$m	$m	$m	$m
2017					
As at 1 January 2017	—	1.4	—	(203.5)	(202.1)
Equity investments at FVTOCI — net change in fair value	—	—	—	—	—
Exchange differences on translation of foreign operations	—	—	9.8	—	9.8
Taxation on components of other comprehensive income	—	(0.5)	—	—	(0.5)
Total comprehensive income	**—**	**(0.5)**	**9.8**	**—**	**9.2**
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—
Equity based compensation expense	—	(0.3)	—	—	(0.3)
Own shares acquired	—	—	—	(3.1)	(3.1)
As at 31 December 2017	**—**	**0.5**	**9.8**	**(206.6)**	**(196.3)**
2018					
As at 1 January 2018		**0.5**	**9.8**	**(206.6)**	**(196.3)**
Equity investments at FVTOCI — net change in fair value	—	—	—	—	—
Exchange differences on translation of foreign operations	—	—	(8.8)	—	(8.8)
Taxation on components of other comprehensive income	—	4.3	—	—	4.3
Total comprehensive income	**—**	**4.3**	**(8.8)**	**—**	**(4.5)**
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—
Equity based compensation expense	—	1.7	—	—	1.7
Own shares acquired	—	—	—	(4.5)	(4.5)
As at 31 December 2018	**—**	**6.5**	**1.0**	**(211.0)**	**(203.6)**
2019					
As at 1 January 2019	—	6.5	1.0	(211.0)	(203.6)
Equity investments at FVTOCI — net change in fair value	—	—	—	—	—
Exchange differences on translation of foreign operations	—	—	3.2	—	3.2
Taxation on components of other comprehensive income	—	(2.8)	—	—	(2.8)
Total comprehensive income	**—**	**(2.8)**	**3.2**	**—**	**0.4**
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—
Equity based compensation expense	—	5.4	—	—	5.4
Own shares acquired	—	—	—	(0.8)	(0.8)
As at 31 December 2019	**—**	**9.1**	**4.2**	**(211.8)**	**(198.5)**

Hedging and translation

The hedging and translation reserve records revaluation gains and losses arising on net investment hedges and the effect of changes in exchange rates on translation of foreign operations recorded in other comprehensive income.

Own shares

Own shares comprise treasury stock (own shares acquired).

(c) Total equity

	Equity attributable to equity holders of the parent					
	Total from Note 23(a)	Total from Note 23(b)	Retained Earnings	Total	Non-controlling Interests	Total Equity
	$m	$m	$m	$m	$m	$m
2017						
As at 1 January 2017	182.1	(202.1)	159.4	139.4	—	139.4
Adjustment on initial application of IFRS 9	—	—	—	—	—	—
Profit for the year	—	—	38.0	38.0	—	38.0
Equity instruments at FVTOCI — net change in fair value	—	—	—	—	—	—
Exchange differences on translation of foreign operations	—	9.8	—	9.8	—	9.8
Taxation on components of other comprehensive income	—	(0.5)	—	(0.5)	—	(0.5)
Total comprehensive income	**—**	**9.2**	**38.0**	**47.2**	**—**	**47.2**
Issue of ordinary shares	—	—	—	—	—	—
Stock option exercised	0.1	—	—	0.1	—	0.1
Dividends paid	—	—	—	—	—	—
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—	—
Equity based compensation expense	10.6	(0.3)	—	10.3	—	10.3
Own shares acquired	—	(3.1)	—	(3.1)	—	(3.1)
As at 31 December 2017	**192.8**	**(196.3)**	**197.3**	**193.8**	**—**	**193.8**

	Total from Note 23(a)	Total from Note 23(b)	Retained Earnings	Total	Non-controlling Interests	Total Equity
	$m	$m	$m	$m	$m	$m
2018						
As at 1 January 2018	192.8	(196.3)	197.4	193.8	—	193.8
Adjustment on initial application of IFRS 9	—	—	—	—	—	—
Profit for the year	—	—	29.9	29.9	—	29.9
Equity instruments at FVTOCI — net change in fair value	—	—	—	—	—	—
Exchange differences on translation of foreign operations	—	(8.8)	—	(8.8)	—	(8.8)
Taxation on components of other comprehensive income	—	4.3	—	4.3	—	4.3
Total comprehensive income	**—**	**(4.5)**	**29.9**	**25.4**	**—**	**25.4**
Issue of ordinary shares	—	—	—	—	—	—
Stock option exercised	0.8	—	—	0.8	—	0.8
Dividends paid	—	—	—	—	—	—
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—	—
Equity based compensation expense	8.6	1.7	—	10.3	—	10.3
Own shares acquired	—	(4.5)	—	(4.5)	—	(4.5)
As at 31 December 2018	**202.2**	**(203.6)**	**227.2**	**225.9**	**—**	**225.9**

	Total from Note 23(a)	Total from Note 23(b)	Retained Earnings	Total	Non-controlling Interests	Total Equity
	$m	$m	$m	$m	$m	$m
2019						
As at 1 January 2019	202.2	(203.6)	227.2	225.9	—	225.9
Adjustment on initial application of IFRS 9	—	—	—	—	—	—
Profit for the year	—	—	(12.8)	(12.8)	—	(12.8)
Equity instruments at FVTOCI — net change in fair value	—	—	—	—	—	—
Exchange differences on translation of foreign operations	—	3.2	—	3.2	—	3.2
Taxation on components of other comprehensive income	—	(2.8)	—	(2.8)	—	(2.8)
Total comprehensive income	**—**	**0.4**	**(12.8)**	**(12.4)**	**—**	**(12.4)**
Issue of ordinary shares	—	—	—	—	—	—
Stock option exercised	0.1	—	—	0.1	—	0.1
Dividends paid	—	—	—	—	—	—
Gain on disposal of equity investments at FVTOCI	—	—	—	—	—	—
Equity based compensation expense	9.4	5.4	—	14.8	—	14.8
Own shares acquired	—	(0.8)	—	(0.8)	—	(0.8)
As at 31 December 2019	**211.7**	**(198.5)**	**214.5**	**227.6**	**—**	**227.6**

24. Share-based awards

Liquidnet offers identified employees the opportunity to obtain an equity share of Liquidnet through a share-based payment plan. This plan includes various share awards to employees and the board of directors.

The share-based payments are all classified as equity settled. The following plans are currently active:

Restricted Stock Unit (**RSU**)

RSUs generally vest three years after the date of grant, subject to continued employment or association with Liquidnet through the vesting date. Once vested, each RSU is exchangeable into one share of common stock. Shares become unrestricted six months after they become fully vested. RSUs are not entitled to dividends until vested.

	2019	2018	2017
Outstanding at the beginning of the year	463,654	1,853,596	2,851,790
Granted during the year	4,989,637	372,470	109,092
Vested during the year	(95,884)	(1,740,412)	(931,086)
Forfeited during the year	(512,916)	(22,000)	(176,200)
Unvested at the end of the year	4,844,491	463,654	1,853,596

Performance Stock Units (**PSU**)

PSUs are similar to RSUs once vested after three years, but the actual amount of units that will vest and convert into shares is contingent upon Liquidnet's performance. PSUs vest three years after the date of grant, subject to continued employment or association with Liquidnet through the vesting date. Once vested, each PSU is exchangeable into one share of common stock. Shares become unrestricted six months after they become fully vested. PSUs are not entitled to dividends until vested.

	2019	2018	2017
Outstanding at the beginning of the year	—	3,524,891	5,238,219
Granted during the year	—	—	—
Vested during the year	—	(3,524,891)	(1,590,688)
Forfeited during the year	—	—	(122,640)
Unvested at the end of the year	—	—	3,524,891

Stock Options (**SO**)

SOs granted become exercisable upon vesting, generally one to six years after the date of grant and are subject to continued employment with Liquidnet through the applicable vesting dates.

	2019	**2018**	**2017**
Outstanding at the beginning of the year	47,432,052	41,831,708	35,598,865
Granted during the year	4,444,000	7,743,240	7,916,566
Exercised during the year	(25,169)	(288,920)	(50,030)
Forfeited during the year	(4,802,125)	(1,853,976)	(1,633,693)
Outstanding at the end of the year	47,048,758	47,432,052	41,831,708
Exercisable at the end of the year	25,498,787	19,743,061	13,742,267

Stock options have been valued using the Black-Scholes model. The following inputs were used during the valuation of the stock options:

	2019	**2018**	**2017**
Weighted average share price	**2.6**	2.49	2.45
Expected volatility	**25.5%**	26.9%	30.6%
Exercise dividends	**0.0%**	0.0%	0.0%
Risk-free interest rate	**2.4%**	2.4%	2.3%

The volatility was determined using guideline companies similar to Liquidnet, as Liquidnet does not have a trading history of its own. Six companies were identified that are engaged in similar businesses as Liquidnet, which was used for the valuation of Liquidnet's common stock. As increased leverage generally corresponds to greater equity volatility, to select volatility input, the guideline companies' observed historical volatilities were unlevered to remove the effect of their leverage. An unlevered annualised daily volatility was selected.

25. Acquisitions

(a) Acquisition of Research Exchange Limited

In May 2019, Liquidnet acquired 100% of the issued share capital of Research Exchange Limited, a financial technology company providing a financial research marketplace for institutional investors. Total consideration was $17.1 million in the form of cash. The fair value of the net assets acquired was $8.0 million. Goodwill amounted to $9.1 million.

(b) Acquisition of Quiet Signal, Inc

In May 2019, Liquidnet acquired 100% of the issued share capital of Quiet Signal, Inc, a data analysis company which, through its wholly owned subsidiary Prattle Analytics, LLC, offers text and language analysis tools. The total consideration was $11.3 million in the form of cash and $4.9 million of debt assumed. The fair value of the net assets acquired was originally estimated at $5.7 million. Goodwill amounted to $3.8 million.

(c) Acquisition of OTAS Technologies Limited

In August 2017, Liquidnet acquired 100% of the issued share capital of OTAS Technologies Limited, a software development company offering cloud-based portfolio management and trading analytics solutions. The total consideration was $16.2 million in the form of cash. The fair value of the net assets acquired was originally estimated at $5.7 million. This was subsequently revised in 2018 to $6 million. Goodwill originally recognised at 31 December 2017 amounted to $10.5 million, which was subsequently adjusted downwards to $10.2 million to reflect the increase in the fair value of the acquisition balance sheet.

(d) Analysis of deferred and contingent consideration in respect of acquisitions

In August 2014, Liquidnet acquired 100% of the issued share capital of Vega-Chi Ltd, a provider of specialist fixed-income trading tools, in exchange for consideration consisting of two components: $11.0 million in cash, and a contingent consideration payable over the five years following the acquisition. The fair value of the contingent consideration was assessed to be $4.9 million on acquisition date. The contingent consideration was fully settled in 2019, and the Liquidnet Group has no contingent consideration in relation to acquisitions as at 31 December 2019.

	2019	2018	2017
	$m	$m	$m
At 1 January	0.8	1.5	4.6
Adjustments to deferred consideration charged to the Income Statement	(0.2)	(0.2)	(3.1)
Cash-settled	(0.6)	(0.5)	—
At 31 December	—	0.8	1.5
Amounts falling due within one year	—	0.8	0.6
Amounts falling due after one year	—	—	0.9
At 31 December	—	0.8	1.5

26. Reconciliation of operating result to net cash from operating activities

	2017	2018	2019
	$m	$m	$m
Operating profit	**71.9**	**54.7**	**(3.6)**
Adjustments for:			
— Share-based payment charge	9.6	9.4	13.8
— Pension scheme past service and settlement costs	—	1.9	0.8
— Depreciation of property, plant and equipment	7.9	9.9	13.1
— Depreciation of right-of-use assets	3.6	13.7	9.5
— Amortisation of intangible assets	10.2	14.1	15.5
— Amortisation of intangible assets arising on consolidation	1.5	2.1	4.6
— Impairment of associates and other long-term investments	4.0	—	—
— Remeasurement of deferred consideration	(3.2)	(0.2)	(0.2)
Operating cash flows before movement in working capital	105.5	105.5	53.5
Decrease/(Increase) in trade and other receivables	(44.1)	(5.1)	3.2
Decrease/(Increase) in net settlement and trading balances	(11.0)	(1.8)	(0.4)
(Decrease)/Increase in trade and other payables	72.8	(0.1)	(20.5)
(Decrease)/increase in non-current liabilities	7.5	13.5	5.1
Cash generated from operations	130.6	112.0	40.8
Income taxes paid	(8.4)	(12.7)	(6.9)
Interest paid	(14.7)	(14.6)	(10.8)
Interest paid — finance leases	(1.4)	(4.7)	(7.0)
Cash from operating activities	**106.2**	**80.0**	**16.2**

27. Analysis of net funds

2017	At 1 January	Cash flow	Non-cash items	Adoption of IFRS16	Exchange rate movement	At 31 December
	$m	$m	$m	$m	$m	$m
Cash	200.9	28.1	—	—	7.9	236.9
Cash equivalents	53.6	56.4	—	—	—	110.0
Overdrafts	—	—	—	—	—	—
Cash and cash equivalents	254.5	84.5	—	—	7.9	346.9
Financial investments	—	—	—	—	—	—
Total funds	**254.5**	**84.5**	**—**	**—**	**7.9**	**346.9**
Bank loan due within one year	—	—	—	—	—	—
Term loan	149.6	38.2(1)	1.4	—	—	189.2
Lease liabilities	—	(13.8)(1)	2.0	29.5	0.2	17.9
Total debt	**149.6**	**24.4**(1)	**3.4**	**29.5**	**0.2**	**207.1**
Total net funds	**104.9**	**60.1**	**(3.4)**	**(29.5)**	**7.7**	**139.8**

(1) Principal changes plus payment of interest and debt issue costs where applicable.

2018	At 1 January	Cash flow	Non-cash items	Adoption of IFRS 16	Exchange rate movement	At 31 December
	$m	$m	$m	$m	$m	$m
Cash	236.9	14.2	—	—	(6.3)	244.8
Cash equivalents	110.0	(18.5)	—	—	—	91.5
Overdrafts	—	—	—	—	—	—
Cash and cash equivalents	346.9	(4.3)	—	—	(6.3)	336.3
Financial investments	—	—	—	—	—	—
Total funds	**346.9**	**(4.3)**	**—**	**—**	**(6.3)**	**336.3**
Bank loan due within one year	—	—	—	—	—	—
Term loan	189.2	(10.0)[(1)]	1.2	—	—	180.4
Lease liabilities	17.9	(14.3)[(1)]	98.0	—	(0.2)	101.4
Total debt	**207.1**	**(24.3)**[(1)]	**99.2**	**—**	**(0.2)**	**281.8**
Total net funds	**139.8**	**20.0**	**(99.2)**	**—**	**(6.1)**	**54.5**

(1) Principal changes plus payment of interest and debt issue costs where applicable.

2019	At 1 January	Cash flow	Non-cash items	Adoption of IFRS 16	Exchange rate movement	At 31 December
	$m	$m	$m	$m	$m	$m
Cash	244.8	(52.3)	—	—	2.1	194.6
Cash equivalents	91.5	(55.7)	—	—	—	35.8
Overdrafts	—	—	—	—	—	—
Cash and cash equivalents	336.3	(108.0)	—	—	2.1	230.4
Financial investments	—	—	—	—	—	—
Total funds	**336.3**	**(108.0)**	**—**	**—**	**2.1**	**230.4**
Bank loan due within one year	—	—	—	—	—	—
Term loan	180.4	(60.0)[(1)]	1.2			121.6
Lease liabilities	101.4	(9.7)[(1)]	27.7	—	0.6	120.0
Total debt	**281.8**	**(69.7)**[(1)]	**28.9**	**—**	**0.6**	**241.6**
Total net funds	**54.5**	**(38.3)**	**(28.9)**	**—**	**1.5**	**(11.2)**

(1) Principal changes plus payment of interest and debt issue costs where applicable.

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less. As at 31 December 2019, cash and cash equivalents, net of overdrafts, amounted to $230.4 million (2018: $336.3 million; 2017: $346.9 million). Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Liquidnet Group, and earn interest at the respective short term deposit rates.

Non-cash items represent accrued interest, the amortisation of debt issue costs and the impact of IFRS 9's expected credit loss requirements.

28. Contingent liabilities

Contingencies

In the ordinary course of business, Liquidnet establishes reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. Due to the inherent unpredictability of these legal and regulatory matters, Liquidnet cannot state with certainty the timing or ultimate resolution of these matter and the actual cost could be significantly higher or lower that the amounts reserved. Liquidnet accrues for contingencies when the amount is estimable and probable.

Guarantees

In the normal course of business, Liquidnet enters into contracts that contain a variety of representations and warranties and provided general indemnifications. Liquidnet's maximum exposure under these arrangements is unknown, as would involve future claims that may be made against Liquidnet that have not yet occurred. However, based on experience, Liquidnet expects the risk of loss to be remote.

In the normal course of business, Liquidnet indemnifies and guarantees certain service providers, such as clearing and custody agents, against potential losses in connection with their acting as an agent of, or providing services to, Liquidnet or its affiliates. The maximum potential amount of future payments that Liquidnet could be required to make under theses indemnifications cannot be estimated. However, based on experience, Liquidnet expects that the risk of material loss to be remote and therefore no liability has been recorded.

Unfunded Commitments

As of 31 December 2019, Liquidnet has unfunded commitments of $0.1 million related to a private equity investment. The unfunded commitments for 2018 and 2017 amount to $0.1 million and $0.4 million respectively.

Line of Credit

In September 2016, a subsidiary of Liquidnet entered into a JPY700 million Commitment Line Credit. Borrowings under this agreement incurred interest at 2.375% per annum. In August 2019, the agreement was renewed and increased to JPY 800 million and borrowings will bear interest at 2.375% per annum. As of 31 December 2019, there were no borrowings under the agreement.

29. Retirement benefits

Liquidnet offers a defined contribution scheme as well as a defined benefit scheme for U.S. employees.

(a) Defined contribution scheme

Liquidnet sponsors a defined contribution scheme covering most eligible employees. Employees are eligible to participate in the plan immediately following employment. After six months of employment, employees are eligible for a Company match of 100% of the employee pre-tax contributions, up to a maximum of 6% of eligible compensation, subject to regulatory limitations.

	2019	2018	2017
	$m	$m	$m
Defined contribution expense	3.5	2.3	2.3

(b) U.S. defined benefit scheme

Liquidnet offers employees employed in the United States a deferred compensation plan, whereby the employees compensation is deferred to retirement or an earlier date if elected by the employee. The employee makes an election of an investment profile. Liquidnet uses this employee election to determine the value of the liability payable to the employee. The compensation which would have been paid to the employee is invested by Liquidnet in life insurance products which are aimed to match the movement of the investment profile selected by the employee.

Liquidnet is the beneficiary of the life insurances and can decide whether the policy is withdrawn to cover the liability. The insurance policy are not directly linked to the investment profile chosen by the employee. Liquidnet therefore will have exposure in the event that the insurance funds are underfunded. The insurance policies are accounted for as a reimbursement asset.

The amounts included in the balance sheet arising from the Liquidnet Group's obligations in respect of the Scheme are as follows:

	2019	2018	2017
	$m	$m	$m
Present value of Scheme liabilities	2.7	1.9	—
Charged to Other Comprehensive Income (remeasurement of defined benefit pension schemes)	0.3	(0.3)	—
Deferred tax liability (Note 15)	—	—	—

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2019	2018	2017
	%	%	%
Key assumptions			
Discount rate	**3.01**	**4.05**	**3.40**

The discount rate is based on the FTSE short duration index at each measurement date. Due to the nature of the plan, there are no other significant assumptions.

The amounts recognised in the income statement in respect of the Scheme were as follows:

	2019	2018	2017
	$m	$m	$m
Deemed interest arising on the defined benefit pension liability	0.1	0.1	—
Service cost	1.0	1.4	0.8

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2019	2018	2017
	$m	$m	$m
Actuarial (losses)/gains arising from changes in financial assumptions	—	—	—
Remeasurement of the defined benefit pension scheme	0.3	(0.3)	—

Movements in the present value of the Scheme liabilities were as follows:

	2019	2018	2017
	$m	$m	$m
At 1 January	1.9	0.0	—
Deemed interest cost	0.1	0.87	—
Service cost	1	1.4	—
Actuarial (losses)/gains arising from changes in financial assumptions	0.3	(0.3)	—
Benefits paid/transfers out	(0.7)	(0.1)	—
At 31 December	2.6	1.9	—

Movements in the fair value of the reimbursement asset were as follows:

	2019	2018	2017
	$m	$m	$m
At 1 January	1.7	0.0	—
Contributions	0.5	1.8	—
Fair value gains/(losses)	0.3	(0.1)	—
At 31 December	2.7	1.7	—

30. Related party transactions

Transactions between Liquidnet and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Directors

Costs in respect of the directors who were the key management personnel of the Liquidnet Group during the year are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2019	2018	2017
	$m	$m	$m
Short term benefits	**2.1**	**2.2**	**2.5**
Social security costs	**—**	**—**	**—**
	2.1	**2.2**	**2.5**

31. First time adoption of IFRS

The Liquidnet Group has reported its annual consolidated financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 in accordance with IFRS.

These consolidated financial statements are the Liquidnet Group's first annual consolidated financial statements prepared in accordance with IFRS.

IFRS 1, First-time Adoption of International Financial Reporting Standards, requires a first-time adopter to retrospectively apply all IFRS effective as at the end of its first annual reporting period (31 December 2019 for the Liquidnet Group). IFRS 1 also provides a first-time adopter certain optional exemptions and requires certain mandatory exemptions from full retrospective application. Most of these exemptions, if elected or mandatory, must be applied as at the beginning of the required comparative period (the transition date). The Liquidnet Group's transition date to IFRS is 1 January 2017.

Under IFRS 1, the Liquidnet Group elected to apply the following optional exemptions in preparing its opening statement of financial position as at the transition date.

Business combinations

A first-time adopter must account for business combinations occurring after its date of transition under IFRS 3, i.e. any business combinations during the comparative periods need to be restated in accordance with IFRS 3. In accordance with IFRS 1, however, it may elect not to apply IFRS 3 retrospectively to business combinations occurring before the date of transition. Liquidnet has elected to apply this optional exemption. As a result, the acquisitions of Vega Chi Ltd and Miletus Trading LLC, both of which occurred before 1 January 2017, were not restated in accordance with IFRS 3.

This note also explains how the transition from previous US GAAP to IFRS affected the Corporation's reported equity as at 1 January 2017 and 31 December 2019, as well as total comprehensive income and cash flows for the year ended 31 December 2019.

Reconciliation of Equity

1 January 2017	US GAAP	IFRS 16 Leases	Cumulative translation differences	Equity based compensation	Other items	IFRS
	$m					$m
Share capital	—	—	—	—	—	—
Share premium	**182.1**	—	—	—	—	**182.1**
Merger reserve	—	—	—	—	—	—
Other reserves	**(223.4)**	—	19.9	1.4	—	**(202.1)**
Retained earnings	**179.7**	(1.5)	(19.9)	(1.4)	2.5	**159.4**
Equity attributable to equity holders of the parent	**138.4**	(1.5)	—	—	2.5	**139.4**
Total equity	**138.4**	(1.5)	—	—	2.5	**139.4**

31 December 2019	US GAAP	IFRS 16 Leases	Cumulative translation differences	Equity based compensation	Other items	IFRS
	$m					$m
Share capital	—	—	—	—	—	—
Share premium	**211.7**	—	—	—	—	**211.7**
Other reserves	**(227.4)**	(0.1)	19.9	8.1	0.9	**(198.5)**
Retained earnings	**242.8**	(4.5)	(19.9)	(8.1)	4.2	**214.5**
Equity attributable to equity holders of the parent	**227.1**	(4.6)	—	—	5.1	**227.6**
Total equity	**227.1**	(4.6)	—	—	5.1	**227.6**

Reconciliation of total comprehensive income

31 December 2019	US GAAP	IFRS 16 Leases	Equity based compensation	Other items	IFRS
	$m				$m
Revenue	**302.2**	—	—	—	**302.2**
Administrative expenses	**(304.7)**	4.1	(5.4)	0.2	**(305.9)**
Other operating income	—	—	—	—	—
Operating profit	**(2.5)**	4.1	(5.4)	0.2	**(3.6)**
Finance income	**2.1**	—	—	—	**2.1**
Finance costs	**(10.8)**	(7.0)	—	(0.1)	**(17.9)**
Profit before tax	**(11.2)**	(7.0)	—	(0.1)	**(19.5)**
Taxation	**5.0**	—	—	1.7	**6.7**
Profit after tax	**(6.3)**	—	—	—	**(12.8)**
Share of results of associates and joint ventures	**0.0**	—	—	—	**0.0**
Profit for the year	**(6.3)**	(2.9)	(5.4)	1.8	**(12.8)**
Other comprehensive (loss)/income for the year	**3.3**	(0.2)	—	(2.8)	**0.4**
Total comprehensive (loss)/income for the year	**(2.9)**	(3.0)	(5.4)	(1.1)	**(12.4)**

The following items explain the most significant restatements to equity and total comprehensive income.

Leases

At the date of transition to IFRS, the Liquidnet Group applied the transitional provision and assessed all contracts existing at 1 January 2017 (the date of transition to IFRS) to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2017. The Liquidnet Group has lease contracts for office spaces and other equipment used in its operations. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the transition date. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2017.

Under Local GAAP previously applied, all leases were classified as an operating lease. Operating lease payments were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

The application of transitional provisions, including exemptions used, as well as the impact of transition have been described in detail in Note 2 'Basis of preparation'.

Equity based compensation

Liquidnet elected to apply to IFRS 2 (*Share based Payments*) to all unvested awards at the date of transition. Therefore, equity awards which vested before date of transition were not restated. Under US GAAP Liquidnet elected to recognise share based payments expense on the straight-line method over the vesting period for the majority of the awards. IFRS 2 requires graded vesting when vesting occurs in instalments from the grant date. The adjustments reflected in the table above are due to restating the expenses for unvested equity awards which must be recognised according to the graded vesting method in IFRS 2.

Cumulative translation differences

Liquidnet elected to apply an optional exemption under IFRS 1, which allows a first-time adopter to not perform full retrospective application of IAS 21 for cumulative translation differences that existed at the date of transition. Instead, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS. The cumulative translation differences that existed at the date of transition under US GAAP were recognised directly in retained earnings.

Application of IFRS and effect on cash flows

The application of IFRS has not resulted in any change in the Group's reported cash flows compared to US GAAP.

SECTION C: Accountant's Report on the Historical Financial Information relating to the Liquidnet Group

Deloitte LLP
1 New Street Square
London EC4A 3HQ

The Board of Directors
on behalf of TP ICAP plc
Floor 2, 155 Bishopsgate
London EC2M 3TQ

HSBC Bank plc
8 Canada Square
London E14 5HQ

7 January 2021

Dear Sirs/Mesdames

Liquidnet Holdings, Inc. (the **Target** and, with its subsidiaries, the **Target Group**)

We report on the financial information of Liquidnet Holdings, Inc. for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 set out in Part 4, Section B (*Historical Financial Information relating to the Liquidnet Group*) of the Class 1 Circular relating to the acquisition of Liquidnet Holdings, Inc. dated 7 January by TP ICAP plc (the **Company** and, together with its subsidiaries, the **Group**) (the **Circular**). This financial information has been prepared for inclusion in the Circular in accordance with International Financial Reporting Standards as adopted by the European Union. This report is required by Listing Rule 13.5.21R and is given for the purpose of complying with those requirements and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Group as at 31 December 2017, 31 December 2018 and 31 December 2019, and of its profits, cash flows and changes in equity for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European

Union and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Yours faithfully

Deloitte LLP

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PART 5

Unaudited Pro Forma Financial Information relating to the Enlarged Group

SECTION A: Unaudited Pro Forma Financial Information relating to the Enlarged Group

The unaudited pro forma financial information for the Enlarged Group and related notes in this Section A (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) have been prepared to illustrate the effect on the profit of the TP ICAP Group of the Rights Issue and the Acquisition. The unaudited pro forma statement of net assets has been presented assuming the Rights Issue and the Acquisition had occurred on 30 September 2020. The unaudited pro forma income statements for the year ended 31 December 2019 and for the nine months ended 30 September 2020 have been presented assuming that the Acquisition had occurred on 1 January 2019 and 1 January 2020, respectively.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the TP ICAP Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results of operations, nor is it indicative of its results. The Unaudited Pro Forma Financial Information has been prepared in accordance with the UK version of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing the UK version of Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). The Unaudited Pro Forma Financial Information has not been prepared, and shall not be construed as having been prepared, in accordance with Regulation S-X under the U.S. Securities Act.

The Unaudited Pro Forma Financial Information is based on TP ICAP's unaudited consolidated balance sheet as at 30 September 2020, the TP ICAP Group's audited consolidated income statement for the year ended 31 December 2019 and TP ICAP Group's unaudited consolidated income statement for the nine months ended 30 September 2020 and is stated on the basis of the accounting policies of the TP ICAP Group set out in the TP ICAP 2019 Financial Statements.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act. The Unaudited Pro Forma Financial Information has not been prepared, or shall not be construed as having been prepared, in accordance with Regulation S-X under the U.S. Securities Act. Investors should read the whole of this document, including documents incorporated by reference herein, and not rely solely on the summarised unaudited financial information contained below.

Investors should read the whole of this Circular and not rely solely on the unaudited financial information in this Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*). Deloitte's report on the unaudited pro forma financial information is set out in Section B (*Accountant's Report on the Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*).

Unaudited Pro Forma Statement of Net Assets

The following unaudited pro forma statement of net assets of the Enlarged Group has been prepared on the basis set out in the Notes below to illustrate the consolidated statement of net assets of the TP ICAP Group as if the Acquisition had taken place on 30 September 2020.

		Adjustments				
	TP ICAP at 30 September 2020	Liquidnet at 30 September 2020	Rights issue	Draw down on Facilities	Consideration paid and net intangible assets	Pro forma net assets at 30 September 2020
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
Non-current assets						
Intangible assets arising on consolidation	1,501.0	50.5	—	—	274.5	1,826.0
Other intangible assets	58.0	21.7	—	—	—	79.7
Property, plant and equipment	89.0	36.0	—	—	—	125.0
Right-of-use assets	162.0	65.6	—	—	—	227.6
Investment in associates	61.0	—	—	—	—	61.0
Investment in joint ventures	26.0	—	—	—	—	26.0
Other investments	17.0	1.9	—	—	—	18.9
Deferred tax assets	3.0	22.7	—	—	—	25.7
Other long-term receivables	24.0	—	—	—	—	24.0
Retirement benefit assets	—	1.9	—	—	—	1.9
	1,941.0	**200.3**	**—**	**—**	**274.5**	**2,415.8**
Current assets						
Trade and other receivables	70,897.0	78.2	—	—	—	70,975.2
Financial investments	164.0	—	—	—	—	164.0
Cash and cash equivalents	679.0	215.0	311.1	81.0	(392.1)	894.0
	71,740.0	**293.2**	**311.1**	**81.0**	**(392.1)**	**72,033.2**
Total assets	**73,681.0**	**493.6**	**311.1**	**81.0**	**(117.6)**	**74,449.1**
Current liabilities						
Trade and other payables	(70,762.0)	(120.6)	—	—	—	(70,882.6)
Interest bearing loans and borrowings	(91.0)	(7.0)	—	(81.0)	—	(179.0)
Lease liabilities	(26.0)	(5.2)	—	—	—	(31.2)
Current tax liabilities	(23.0)	(1.0)	—	—	—	(24.0)
Short term provisions	(14.0)	—	—	—	—	(14.0)
	(70,916.0)	**(133.8)**	**—**	**(81.0)**	**—**	**(71,130.9)**
Net current assets	**824.0**	**159.4**	**311.1**	**—**	**(392.1)**	**902.4**
Non-current liabilities						
Interest bearing loans and borrowings	(679.0)	(92.2)	—	—	—	(771.2)
Lease liabilities	(190.0)	(82.2)	—	—	—	(272.2)
Deferred tax liabilities	(82.0)	—	—	—	—	(82.0)
Long-term provisions	(23.0)	—	—	—	—	(23.0)
Other long-term payables	(25.0)	(1.8)	—	—	(64.0)	(90.8)
Retirement benefit obligations	(2.0)	(1.9)	—	—	—	(3.9)
	(1,001.0)	(178.1)	—	—	(64.0)	(1,243.1)
Total liabilities	**(71,917.0)**	**(312.0)**	**—**	**(81.0)**	**(64.0)**	**(72,374.0)**
Net assets	**1,764.0**	**181.6**	**311.1**	**—**	**(181.6)**	**2,075.1**

Unaudited Pro Forma Income Statement for the year ended 31 December 2019

The following unaudited pro forma income statement of the Enlarged Group has been prepared on the basis set out in the Notes below to illustrate the consolidated statement of operating income of the TP ICAP Group as if the Acquisition had taken place on 1 January 2019.

		Adjustments		
	TP ICAP for the year ended 31 December 2019	Liquidnet for the year ended 31 December 2019	Acquisition	Pro forma for the year ended 31 December 2019
	(£ million) (Note 1)	(£ million) (Note 2)	(£ million) (Note 7)	(£ million)
Revenue	**1,833.0**	**236.1**	**—**	**2,069.1**
Administrative expenses	(1,570.0)	(239.0)	—	(1,809.0)
Other operating income	16.0	—	—	16.0
Operating profit — underlying	**279.0**	**(2.8)**	**—**	**276.2**
Acquisition costs related to the Liquidnet Acquisition	—	—	(16.5)	(16.5)
Acquisition, disposal and integration costs	(115.0)	—	—	(115.0)
Exceptional items	(22.0)	—	—	(22.0)
Operating profit — reported	**142.0**	**(2.8)**	**(16.5)**	**122.7**
Finance income	6.0	1.6	—	7.6
Finance costs	(55.0)	(14.0)	—	(69.0)
Profit before tax	**93.0**	**(15.2)**	**(16.5)**	**61.3**
Taxation	(40.0)	5.3	0.6	(34.2)
Profit after tax	**53.0**	**(10.0)**	**(16.0)**	**27.1**
Share of results of associates and joint ventures	15.0	—	—	15.0
Profit for the period	**68.0**	**(10.0)**	**(16.0)**	**42.1**

Unaudited Pro Forma Income Statement for the nine months ended 30 September 2020

The following unaudited pro forma income statement of the Enlarged Group has been prepared on the basis set out in the Notes below to illustrate the consolidated income statement of the TP ICAP Group as if the Acquisition had taken place on 1 January 2020.

		Adjustments		
	TP ICAP for the nine months ended 30 September 2020	**Liquidnet for the nine months ended 30 September 2020**	**Acquisition**	**Pro forma for the nine months ended 30 September 2020**
	(£ million)	**(£ million)**	**(£ million)**	**(£ million)**
	(Note 1)	(Note 2)	(Note 7)	
Revenue	**1,378.0**	**198.9**	—	1,576.9
Administrative expenses	(1,170.0)	(193.7)	—	(1,363.7)
Other operating income	10.0	—	—	10.0
Operating profit — underlying	**218.0**	**5.3**	**—**	**223.3**
Acquisition costs related to the Liquidnet Acquisition	(4.6)	—	(11.9)	(16.5)
Acquisition, disposal and integration costs	(58.0)	—		(58.0)
Exceptional items	(8.4)	—		(8.4)
Operating profit — reported	**147.0**	**5.3**	**(11.9)**	**140.4**
Finance income	2.0	0.3	—	2.3
Finance costs	(39.0)	(9.5)	—	(48.5)
Profit before tax	**110.0**	**(3.9)**	**(11.9)**	**94.2**
Taxation	(42.0)	(0.8)	0.2	(41.0)
Profit after tax	**68.0**	**(3.1)**	**(11.7)**	**53.2**
Share of results of associates and joint ventures	13.0	—	—	13.0
Profit for the period	**81.0**	**(3.1)**	**(11.7)**	**66.2**

Notes

(1) The net assets of the TP ICAP Group used in the unaudited pro forma consolidated net asset statement as at 30 September 2020 have been extracted without adjustment from the unaudited interim consolidated financial statements for the nine months ended 30 September 2020.

The financial information for the TP ICAP Group used in the unaudited pro forma consolidated income statement for the year ended 31 December 2019 has been extracted without adjustment from the audited consolidated financial statements for the year ended 31 December 2019.

The financial information for the TP ICAP Group used in the unaudited pro forma consolidated income statement for the nine months ended 30 September 2020 has been extracted without adjustment from the unaudited interim consolidated financial statements for the nine months ended 30 September 2020.

(2) The net assets of the Liquidnet Group used in the unaudited pro forma consolidated net asset statement as at 30 September 2020 have been extracted without adjustment from the Historical Financial Information included in Part 4 (*Historical Financial Information relating to the Liquidnet Group*), translated at an exchange rate of £1.00:$1.339, being the closing rate as at 30 September 2020.

The financial information for the Liquidnet Group used in the pro forma unaudited pro forma consolidated income statement for the year ended 31 December 2019 has been extracted without adjustment from the Historical Financial Information included in Part 4 (*Historical Financial Information relating to the Liquidnet Group*), translated at an exchange rate of £1.00:$1.28 being the average exchange rate for the year ended 31 December 2019.

The financial information for the Liquidnet Group used in the unaudited pro forma consolidated income statement for the nine months ended 30 September 2020 has been extracted without adjustment from the Historical Financial Information included in Part 4 (*Historical Financial Information relating to the Liquidnet Group*), translated at an exchange rate of £1.00:$1.28 being the average exchange rate for the nine months ended 30 September 2020.

(3) The net proceeds of the Rights Issue of £311.1 million are calculated on the basis that the Company issues 135 million New Ordinary Shares at a price of 235 pence per share, net of estimated expenses in connection with the Rights Issue of approximately £6.3 million.

(4) It is estimated that $108.5 million (£81 million) will be drawn under the existing revolving credit facilities of the TP ICAP Group to fund an equivalent amount of the purchase consideration.

No interest charge adjustments have been made to the unaudited pro forma income statements.

(5) The unaudited pro forma statement of net assets has been prepared on the basis that the acquisition of Liquidnet will be accounted for using the acquisition method. The excess of consideration over the book value of assets acquired has been reflected as a net intangible asset arising on consolidation less the reversal of previously recognised intangible assets of Liquidnet.

For the purposes of this pro forma, no account has been taken of any Completion of the Acquisition date settlement adjustments under the terms of the acquisition. These adjustments can only be performed as at the date of Completion of the Acquisition and may be material:

(i) the estimated undiscounted purchase consideration is $650 million. Of that, the amount of deferred contingent consideration is estimated to be $75 million and is dependent on the performance of the business over a three-year period post Completion of the Acquisition and may therefore be materially different. Deferred amounts are discounted at 13.4 per cent. and are set out in (ii) below.

(ii) The intangible assets on this basis has been calculated as follows:

	No. of shares (million)	Share price (pence)	$ million (undiscounted)	$ million (discounted)	£ million
Consideration settled in shares at date closing price)	135.0642747	235.0	425.0	425.0	317.4
Estimated expenses in connection with the Rights Issue			(8.5)	(8.5)	(6.3)
			416.5	416.5	311.1
Consideration settled in cash			108.5	108.5	81.0
Vendor Loan Notes ($50 million undiscounted)			50	34.3	25.6
Fair value of deferred consideration ($75 million undiscounted)			75	51.4	38.4
			650.0	61	456.1
Net assets at 30 September 2020					(181.6)
Net intangible assets arising on consolidation					274.5

(6) The unaudited pro forma statement of net assets does not include any adjustments which would be required to restate the assets and liabilities of the Liquidnet Group to their fair values, nor any associated deferred tax adjustments. The fair value measurements of the acquired assets, including the recognition of separately identifiable intangible assets, if any, and liabilities will only be performed as at the date of Completion of the Acquisition and may be material.

(7) £16.5 million is the estimated transaction related costs which do not qualify to be capitalised as part of the estimated purchase consideration. An adjustment for the full estimated cost has been made to include these estimated expenses because the unaudited pro forma income statement for the year ended 31 December 2019 has been prepared as if the transaction had completed at the start of the period stated.

Some of these estimated costs were recorded as expenses in the TP ICAP Group income statement for the nine months ended 30 September 2020. Therefore, a further adjustment has been made to include the remainder.

These expenses are non-recurring in nature and are not expected to have a continuing impact on the consolidated results. The estimated tax benefit of the above adjustment is £0.6 million in the pro forma income statements for the year to 31 December 2019 and £0.2 million in the nine month period to 30 September 2020 based on current corporation tax rates.

(8) The pro forma income statements do not include amortisation of intangible assets on acquisition as this will not be determined until the purchase price allocation exercise is completed.

(9) There are no material differences in the accounting polices applied by the TP ICAP Group and those applied by the Liquidnet Group under IFRS as presented in Part 4 (*Historical Financial Information relating to the Liquidnet Group*) in this Circular.

(10) No account has been taken of any trading of the TP ICAP Group or of the Liquidnet Group after 30 September 2020.

SECTION B: Accountant's Report on the Unaudited Pro Forma Financial Information relating to the Enlarged Group

Deloitte LLP
1 New Street Square
London EC4A 3HQ

The Board of Directors
on behalf of TP ICAP plc
Floor 2, 155 Bishopsgate
London EC2M 3TQ

HSBC Bank plc
8 Canada Square
London E14 5HQ

7 January 2021

Dear Sirs/Mesdames

TP ICAP plc (the Company)

We report on the unaudited pro forma financial information (the **Pro forma financial information**) set out in Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of the Class 1 Circular (the **Circular**) dated 7 January 2021, which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 September 2020. This report is required by the UK version of the Commission delegated regulation (EU) 2019/980 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the **Prospectus Delegated Regulation**) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the **Directors**) to prepare the Pro forma financial information in accordance with Annex 20 sections 1 and 2 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex 20 section 3 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (**DTTL**). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.*

PART 6

Additional Information

1. Responsibility

TP ICAP and the TP ICAP Directors, whose names appear in paragraph 3 (*Directors and Proposed Director*) of this Part 6 (*Additional Information*), accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of TP ICAP and the TP ICAP Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

TP ICAP was incorporated and registered in England and Wales on 5 May 2006 as a public company limited by shares under the Companies Act 1985 and with the registered number 05807599.

The registered office of the Company is at Floor 2, 155 Bishopsgate, London EC2M 3TQ, United Kingdom (telephone number +44(0)20 7200 7000). The Company's LEI is 5493009UWRK48KKUD358 and its website address is www.tpicap.com.

The principal legislation under which TP ICAP operates is the Companies Act and the regulations made under the Companies Act.

3. Directors and Proposed Director

The Directors and their positions as at the date of this Circular are as follows:

Name of Director	Position
Richard Berliand	*(Chairman)*
Nicolas Breteau	*(Group Chief Executive Officer)*
Robin Stewart	*(Group Chief Financial Officer)*
Philip Price	*(Group General Counsel)*
Angela Knight	*(Senior Independent Non-Executive Director)*
Edmund Ng	*(Independent Non-Executive Director)*
Roger Perkin	*(Independent Non-Executive Director)*
Michael Heaney	*(Independent Non-Executive Director)*
Angela Crawford-Ingle	*(Independent Non-Executive Director)*
Mark Hemsley	*(Independent Non-Executive Director)*
Tracy Clarke	*(Independent Non-Executive Director)*

Kath Cates' appointment as an Independent Non-Executive Director will take effect from 1 February 2021.

4. Directors' and Proposed Director's interests in the Company

4.1 *Interests of the Directors and Proposed Director in Ordinary Shares*

(a) As at the Latest Practicable Date, except as disclosed in paragraph (b) of this paragraph 4.1 of this Part 6 (*Additional Information*), neither the Directors, nor the Proposed Director, nor any of their respective immediate families, will have any interests in the share capital of the Company which:

(i) are required to be notified to the Company pursuant to the Market Abuse Regulation and Chapter 3 of the Disclosure Guidance and Transparency Rules; or

(ii) are interests of a connected person (within the meaning of Schedule 11B of FSMA) which would be required to be disclosed under paragraph (i) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director or Proposed Director, as at the Latest Practicable Date.

(b) The following table sets out the interests of the Directors and Proposed Director as at the Latest Practicable Date and immediately following completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately following completion of the Rights Issue[(1)]	
Name	**Number of Ordinary Shares**	**Percentage of Ordinary Shares**	**Number of Ordinary Shares[(2)]**	**Percentage of Ordinary Shares[(2)]**
Richard Berliand	75,000	0.01%	105,000	0.01%
Nicolas Breteau	44,982	0.01%	62,974	0.01%
Robin Stewart	33,710	0.01%	47,194	0.01%
Philip Price	49,000	0.01%	68,600	0.01%
Angela Knight	2,150	0.00%	3,010	0.00%
Edmund Ng	20,000	0.00%	28,000	0.00%
Roger Perkin	5,000	0.00%	7,000	0.00%
Michael Heaney	40,000	0.01%	56,000	0.01%
Angela Crawford-Ingle	9,716	0.00%	13,662	0.00%
Mark Hemsley	—	0.00%	—	0.00%
Tracy Clarke	10,000	0.00%	14,000	0.00%
Kath Cates	—	0.00%	—	0.00%

Notes:

(1) Assuming full take up by such persons of their entitlements under the Rights Issue and that all of the New Ordinary Shares are issued. The Directors may decide to acquire additional rights to New Ordinary Shares in the Rights Issue.

(2) Assuming that no further Ordinary Shares are issued as a result of any options or awards under the Share Plans between the Latest Practicable Date and the date of completion of the Rights Issue.

(c) In addition to the interests in Ordinary Shares described in this paragraph 4.1, certain of the Directors also have the following interests in Ordinary Shares as at 5 January 2021 (being the latest practicable date prior to publication of this Circular) as a result of their participation in the TP ICAP Share Schemes:

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Name	Date of Grant	Number of TP ICAP Ordinary Shares under option	Vesting Date	End of Retention Period
Nicolas Breteau	26.06.2019	548,042	26.06.2022	26.06.2024
Nicolas Breteau	30.03.2020	483,433	30.03.2023	30.03.2025
Robin Stewart	26.06.2019	358,335	26.06.2022	26.06.2024
Robin Stewart	30.03.2020	312,067	30.03.2023	30.03.2025
Philip Price	26.06.2019	358,335	26.06.2022	26.06.2024
Philip Price	30.03.2020	315,674	30.03.2023	30.03.2025

Deferred Bonus Share Plan

Name	Date of Grant	Number of TP ICAP Ordinary Shares under option	Vesting Date	End of Retention Period
Nicolas Breteau	20.06.2018	63,499	21.06.2021	21.06.2021
Nicolas Breteau	29.03.2019	135,991	31.03.2022	31.03.2022
Nicolas Breteau	30.03.2020	220,496	30.03.2023	30.03.2023
Robin Stewart	20.06.2018	14,653	21.06.2021	21.06.2021
Robin Stewart	29.03.2019	62,280	31.03.2022	31.03.2022
Robin Stewart	30.03.2020	111,043	30.03.2023	30.03.2023
Philip Price	20.06.2018	30,528	21.06.2021	21.06.2021
Philip Price	29.03.2019	60,679	31.03.2022	31.03.2022
Philip Price	30.03.2020	114,723	30.03.2023	30.03.2023

(d) The interests of the Directors and the Proposed Director together represent approximately 0.1 per cent. of the issued share capital of the Company as at the Latest Practicable Date and are expected to represent 0.1 per cent. of the issued share capital of the Company on completion of the Rights Issue (assuming full take up by such persons of their entitlements under the Rights Issue and that no further Ordinary Shares

are issued as a result of any options or awards under the Share Plans between the Latest Practicable Date and the date of completion of the Rights Issue). The Directors and the Proposed Director may decide to acquire additional rights to New Ordinary Shares in the Rights Issue.

(e) Save as set out in paragraph (b) and (c) of this paragraph 4.1 of this Part 6 (*Additional Information*), no Director or Proposed Director has any interest in the share or loan capital of the Company and, save as provided under the Share Plans, there is no person to whom any capital of any member of the TP ICAP Group is under award or option or agreed unconditionally to be put under award or option.

(f) Neither the Directors nor the Proposed Director has any potential conflicts of interest between their duties to the Company and their private interests and/or their duties to third parties.

5. Directors' service contracts and letters of appointment

5.1 *Executive Directors*

Name	Contract date	Annual salary (£)	Term	Notice period
Nicolas Breteau	9 July 2018	670,000	n/a	12 months
Robin Stewart	9 July 2018	432,500	n/a	12 months
Philip Price	3 September 2018	437,500	n/a	12 months

The Executive Directors each have service contracts with TP ICAP which do not have a fixed term but which provide for termination on the expiry of not more than 12 months' notice by either party (save in circumstances justifying summary termination). The treatment of long-term incentive share awards or other share rights is governed by the relevant TP ICAP Share Plan. TP ICAP's Remuneration Committee may, at its sole discretion, permit a resigning Executive Director to retain a time pro-rated portion of their incentive bonus, reflecting the period of employment from the start of the performance period to the termination date. TP ICAP's Remuneration Committee may, at its sole discretion, award a resigning Executive Director a part-year bonus for the period worked if that Executive Director is deemed to be a "good leaver". To protect the TP ICAP Group's business interests, the service contracts contain covenants which restrict the Executive Directors' ability to deal with clients and their ability to solicit senior employees.

5.2 *Non-Executive Directors*

The annual fee levels for the Non-Executive Directors for 2021 are expected to be as follows:

Name	Date of appointment	Base Fee	Committee Chair	Committee Member	Senior Independent Director	Overseas Attendance Allowance	Regional Engagement	Total
Richard Berliand	19 March 2019	300,000	n/a	n/a	n/a	n/a	n/a	300,000
Angela Knight(1)	1 September 2011	70,000	25,000	20,000	15,000	n/a	n/a	130,000
Edmund Ng(2)	1 November 2017	70,000	n/a	20,000	n/a	35,000	10,000	135,000
Roger Perkin(3)	1 July 2012	70,000	25,000	10,000	n/a	n/a	n/a	105,000
Michael Heaney(4)	15 January 2018	70,000	25,000	10,000	n/a	35,000	10,000	150,000
Angela Crawford-Ingle(5)	16 March 2020	70,000	n/a	20,000	n/a	n/a	n/a	90,000
Mark Hemsley	16 March 2020	70,000	n/a	10,000	n/a	n/a	10,000	90,000
Tracy Clarke(6)	1 January 2021	70,000	n/a	10,000	n/a	n/a	n/a	80,000
Kath Cates(7)	1 February 2021	70,000	n/a	20,000	n/a	n/a	n/a	90,000

Notes:

(1) Angela Knight is expected to retire from the Board at the 2021 annual general meeting and her remuneration will be pro-rated accordingly.

(2) Edmund Ng agreed a temporary suspension to his Overseas Attendance Allowance from 1 October 2020 until such time as Board and Board Committee meetings, and overseas travel to them, are once again normalised.

(3) Roger Perkin is expected to retire from the Board at the 2021 annual general meeting and his remuneration will be pro-rated accordingly.

(4) Michael Heaney is expected to step down as Interim Chair of the Risk Committee and expected to succeed Angela Knight as Senior Independent Director following the 2021 annual general meeting and his remuneration will be pro-rated accordingly. Michael Heaney also agreed a temporary suspension to his Overseas Attendance Allowance from 1 October 2020 until such time as Board and Board Committee meetings, and overseas travel to them, are once again normalised.

(5) Angela Crawford-Ingle is expected to succeed Roger Perkin as Chair of the Audit Committee following the 2021 annual general meeting and her remuneration will be pro-rated accordingly.

(6) Tracy Clarke is expected to succeed Angela Knight as Chair of the Remuneration Committee following the 2021 annual general meeting and her remuneration will be pro-rated accordingly.

(7) Kath Cates will be appointed to the Board with effect from 1 February 2021 and is expected to be appointed as Chair of the Risk Committee following the 2021 annual general meeting and her remuneration will be pro-rated accordingly.

Non-Executive Directors have formal letters of appointment. The appointment of the Chairman is terminable on six months' notice. The letters of appointment of each of the other Non-Executive Directors contain a three month notice period.

Non-Executive Directors' appointments are not for a fixed term, but are terminable on the earliest of: (i) the director not being re-appointed at an annual general meeting of TP ICAP and, going forward, TP ICAP; (ii) removal as a director or being required to vacate office under the TP ICAP Articles, and, going forward, the TP ICAP Articles; and (iii) resignation at the request of the Board. Each of the Non-Executive Directors was elected or re-elected by shareholders at TP ICAP's Annual General Meeting except for Tracy Clarke and Kath Cates whose appointments were announced after the Annual General Meeting.

Non-Executive Directors receive a base fee for service on the TP ICAP Board and the Nominations & Governance Committee of the TP ICAP Board of £70,000 per annum, together with additional fees for chairmanship and membership of other committees of the TP ICAP Board. The Chairman's remuneration, which was £300,000 per annum as at 31 December 2020, is recommended by the Remuneration Committee of the TP ICAP Board and has been approved by the TP ICAP Board. Non-Executive Directors do not participate in any share option or share incentive schemes.

6. Major Shareholders and other interests

(a) The following table sets out the name of each person (other than a Director) who, directly or indirectly, is interested in voting rights representing 3 per cent. or more of the total voting rights in respect of the Company's issued share capital, and the amount of such person's holding as at 5 January 2021, insofar as it is known to the Company by virtue of the notifications made pursuant to the Companies Act and/or Chapter 5 of the Disclosure Guidance and Transparency Rules, and immediately following completion of the Rights Issue:

Name	As at the Latest Practicable Date		Immediately following completion of the Rights Issue[1]	
	Number of Ordinary Shares	Percentage of Ordinary Shares	Number of Ordinary Shares	Percentage of Ordinary Shares
Schroders plc	69,951,926	12.14	97,932,696	12.4
Jupiter Fund Management plc	49,866,777	8.85	69,813,487	8.9
Liontrust Asset Management plc	28,534,751	5.07	39,948,651	5.1
Silchester International Investors LLP	27,955,435	5.04	37,137,609	5.0

Notes:

(1) Assuming that such persons are entitled to participate in the Rights Issue in respect of all of the Ordinary Shares in which they have a notifiable interest as set out against their names in the table above and they take up their entitlements in full.

(b) Save as disclosed in paragraph (a) of this paragraph 6 of this Part 6 (*Additional Information*), the Directors are not aware of any holdings of voting rights (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) which will represent 3 per cent. or more of the total voting rights in respect of the issued share capital of the Company as at 5 January 2021 (being the Latest Practicable Date).

(c) There are no differences between the voting rights enjoyed by the shareholders described in paragraph (a) of this paragraph 6 of this Part 6 (*Additional Information*) and those enjoyed by any other holder of Ordinary Shares in the Company.

(d) The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

(e) All Ordinary Shares (other than treasury shares) have the same voting rights.

7. Related party transactions

Financial information relating to related party transactions for each of the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 is set out:

(a) in note 38 in the notes to the TP ICAP 2019 Financial Statements on page 175 of the TP ICAP 2019 Annual Report;

(b) in note 36 in the notes to the TP ICAP 2018 Financial Statements on page 174 of the TP ICAP 2018 Annual Report; and

(c) in note 36 in the notes to the TP ICAP 2017 Financial Statements on page 151 of the TP ICAP 2017 Annual Report.

Details of related party transactions during the period between 31 December 2019 and the Latest Practicable Date are set out below.

The TP ICAP Group holds a 4.97 per cent. ownership in Tokyo Tanshi, a Japanese financial services provider, and a 40 per cent., 60 per cent. and 20 per cent. ownership stake in Totan ICAP Co. Ltd, ICAP Totan Securities Co. Ltd and Central Totan Securities Co. Ltd, respectively (collectively, the **Totan Subsidiaries**). Tokyo Tanshi owns the remaining stakes in the Totan Subsidiaries and also owns 20 per cent. in each of TP ICAP Group's subsidiaries Tullett Prebon (Japan) Limited and of Tullett Prebon ETP (Japan) Ltd. On this basis, Tokyo Tanshi is classified as a related party.

In August 2020, the TP ICAP Group, acting as a borrower, entered into a JPY10 billion (£73 million) committed facility with Tokyo Tanshi that matures in August 2022. Facility commitment fees of 0.64 per cent. on the undrawn balance are payable on the facility. Arrangement fees of less than £1 million are being amortised over the maturity of the facility. The facility has been provided to the Group on arm's length commercial terms.

As at 30 September 2020, JPY10 billion (£73 million) of the facility was drawn by the Group. Amounts drawn down are reported as loans from related parties on the Group's consolidated balance sheet as at 30 September 2020.

The total amount due from related parties, representing certain TP ICAP associates, was £4 million as at 30 September 2020 (31 December 2019: £3 million) and amounts due to related parties other than Tokyo Tanshi, representing certain TP ICAP joint ventures, was £2 million as at 30 September 2020 (31 December 2019: £3 million). The amounts outstanding represent unsecured intercompany trading and non-trading balances between the TP ICAP Group and such associates and joint ventures, and are expected to be settled in cash. No guarantees have been given or received in connection with such amounts. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the period from 31 December 2019 to 30 November 2020, less than £1 million of interest, facility and the amortisation of arrangement fees amounted was paid on loans from related parties.

8. Material contracts

8.1 *TP ICAP*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the TP ICAP Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by any member of the TP ICAP Group and contain provisions under which any member of the TP ICAP Group has an obligation or entitlement which is, or may be, material to the TP ICAP Group at the date of this document:

(a) Acquisition Agreement

A description of the principal terms and conditions of the Acquisition Agreement is set out in Part 3 (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(b) Vendor Loan Note

A description of the principal terms and conditions of the Vendor Loan Note is set out in Part 3 (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(c) *Standby Underwriting Letter*

On 9 October 2020, the Company entered into a standby underwriting letter (the **Standby Underwriting Letter**) with HSBC pursuant to which HSBC agreed to underwrite the Rights Issue, on the terms and subject to the conditions set out in the Standby Underwriting Letter. The Standby Underwriting Letter automatically terminated in accordance with its terms upon the execution of the Underwriting Agreement.

(d) *Underwriting Agreement*

On 7 January 2021, the Company, New TP ICAP and the Underwriters entered into the Underwriting Agreement, pursuant to which the Company has appointed HSBC Bank plc as sole sponsor and sole global co-ordinator, and Merrill Lynch International, J.P. Morgan Securities plc and Peel Hunt LLP as joint bookrunners in connection with the Rights Issue.

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters (as agents for and on behalf of the Company) have undertaken severally to use their reasonable endeavours to procure subscribers for any New Ordinary Shares which have not been taken up under the Rights Issue as soon as reasonably practicable and in any event by not later than 5.00 p.m. on the second Dealing Day after the last date for acceptance under the Rights Issue, for an amount which is not less than the total of the Rights Issue Price multiplied by the number of such New Ordinary Shares for which subscribers are so procured plus the expenses of procurement (including any applicable brokerage and commissions and amounts in respect of irrecoverable VAT). If and to the extent that the Underwriters are unable to procure subscribers on the basis outlined above, the Underwriters have agreed to subscribe for (or procure a subscriber(s) for), on a several basis (in their due proportions), any remaining New Ordinary Shares.

In consideration of their services provided under the Underwriting Agreement, and provided that the Underwriting Agreement becomes wholly unconditional and is not terminated in accordance with its terms before Admission, the Company shall pay the Underwriters an aggregate base commission of 1.5 per cent. of the amount equal to the product of the Rights Issue Price multiplied by the aggregate number of New Ordinary Shares (plus any applicable VAT). Out of such commission the Underwriters shall pay or procure the payment of any sub-underwriting commissions payable to such persons (if any) as the Underwriters may procure to subscribe for New Ordinary Shares. The Company will also pay (irrespective of whether Admission occurs) the fees, costs and expenses of, or in connection with, the Rights Issue.

The Company may, at its sole discretion, also pay the Underwriters (or any of them) a further discretionary commission of up to 0.2 per cent. of the amount equal to the product of the Rights Issue Price multiplied by the aggregate number of New Ordinary Shares.

The obligations of the Underwriters under the Underwriting Agreement are conditional on certain conditions customary in agreements of this type, including, among others:

(i) the passing of the Resolution at the General Meeting;

(ii) Admission occurring not later than 8.00 a.m. on 2 February 2021 (or such later time and/or date as the Company and the Sole Global Co-ordinator may agree (being not later than 9 February 2021));

(iii) the delivery of certain documents to the Sponsor and the Underwriters by the times and dates specified in the Underwriting Agreement;

(iv) the Company having complied with its obligations under the Underwriting Agreement and under the terms of the Rights Issue, save to the extent that, in the opinion of the Sole Global Co-ordinator (on behalf of the Underwriters) acting in good faith, would not be material in the context of the Rights Issue, the underwriting of the New Ordinary Shares or Admission;

(v) the warranties on the part of the Company under the Underwriting Agreement being true, accurate and not misleading on the date of the Underwriting Agreement, the date of this document and immediately before Admission;

(vi) the Acquisition Agreement remaining in full force and effect and not having been terminated, having lapsed or ceased to be capable of completion in accordance with its terms, prior to Admission;

(vii) no event requiring a supplement to this document having arisen between the time of publication of this document and Admission and no such supplementary prospectus being published by or on behalf of the Company before Admission, which the Sole Global Co-ordinator, in its opinion (acting in good faith), considers to be material in the context of the Rights Issue; and

(viii) in the opinion of the Sole Global Co-ordinator (acting in good faith), no material adverse change having occurred in respect of the TP ICAP Group at any time prior to Admission (whether or not foreseeable at the date of the Underwriting Agreement).

Under the Underwriting Agreement, the Company has given certain customary (for a transaction of this nature) representations, warranties and undertakings to the Underwriters concerning, among other things, the accuracy of the information in this document, and in relation to other matters relating to the TP ICAP Group and its business. The Company has also given a customary indemnity to the Underwriters, liability in respect of which is unlimited as to time and amount. On the Scheme Effective Date New TP ICAP will assume on a joint and several basis with the Company all the obligations and liabilities of the Company pursuant to the Underwriting Agreement including the indemnity to the Underwriters.

Each of the Company and New TP ICAP has undertaken that (subject to certain limited exceptions) it will not, for a period of 180 days from the date for settlement of the Underwriters' payment obligations under the Underwriting Agreement without the prior written consent of the Sole Global Co-ordinator (on behalf of the Underwriters), directly or indirectly offer, issue or grant any rights over any Ordinary Shares or related securities.

The Underwriting Agreement can be terminated at any time on or prior to Admission by the Sole Global Co-ordinator (on behalf of the Underwriters) giving notice to the Company in certain circumstances, including, among other things, where (a) any of the conditions in the Underwriting Agreement are not satisfied (or, where permitted, waived, by the Sole Global Co-ordinator (on behalf of the Underwriters)) at the required times, (b) where the Company fails to comply in any material respect with any of its obligations under the Underwriting Agreement or under the terms of the Rights Issue, or (c) in the event of certain changes in financial, political or economic conditions. Following Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including with respect to statutory withdrawal rights).

(e) Redomiciliation Sponsor's Agreement

On 7 January 2021, an agreement was entered into between TP ICAP, New TP ICAP and HSBC whereby HSBC agreed to act as sponsor to New TP ICAP in connection with the applications for admission and the publication of a prospectus by New TP ICAP required in relation to the Redomiciliation. Pursuant to this agreement, each of TP ICAP and New TP ICAP has agreed to provide HSBC with certain indemnities, undertakings and warranties in connection with their role as New TP ICAP's sponsor. The indemnities provided by each of TP ICAP and New TP ICAP indemnify HSBC against claims made against them or losses incurred in connection with their role as sponsor to New TP ICAP, subject to certain exceptions.

(f) Syndicated Multicurrency Revolving Credit Facilities Agreement

TP ICAP entered into a facilities agreement (the **Facilities Agreement**) in respect of a £270 million multicurrency revolving credit facility (the **RCF**) (split between Facility A of £245 million which is made available to TP ICAP and Facility B of £25 million which is made available to the UK-regulated entities in the TP ICAP Group) and a $100 million swingline facility which forms part of Facility A (the **Swingline Loans**) dated 19 December 2018 as a borrower with (i) Bank of America Europe DAC, HSBC Bank plc, Lloyds Bank Corporate Markets plc and Sumitomo Mitsui Banking Corporation London Branch as bookrunners and mandated lead arrangers with AIB Group (UK) p.l.c. as lead arranger, (ii) Bank of America Europe DAC, HSBC Bank plc, Lloyds Bank Corporate Markets plc, Sumitomo Mitsui Banking Corporation London Branch and AIG Group (UK) p.l.c as original lenders, (iii) Bank of America Europe DAC as document co-ordinator and facility agent, and (iv) Bank of America, N.A. as swingline facility agent. Pursuant to the terms of a supplemental agreement and amended facilities agreement, New TP ICAP is expected to accede to the Facilities Agreement as a guarantor on or before the Scheme Effective Date.

Purpose

Facility A of the RCF is made available for (i) general corporate purposes of the TP ICAP Group, including acquisitions and to refinance, repay and/or prepay any outstanding amounts under a previous (now repaid) facilities agreement and (ii) refinancing the Swingline Loans. Each Swingline Loan is made available only to fund margin calls and cannot be applied towards the repayment or prepayment of another Swingline Loan. Facility B of the RCF is made available for the general corporate purposes of the regulated entities.

Interest and fees

The Facilities Agreement contains customary provisions relating to interest and fees chargeable.

The rate of interest payable on borrowings under the RCF is the aggregate of LIBOR (or, in relation to any loan denominated in euro, EURIBOR) and an applicable margin equal to 2 per cent. per annum. TP ICAP may select interest periods for each loan of one, two, three or six months or any other period agreed with the lenders.

The rate of interest payable on each Swingline Loan for each day is during its term the higher of the prime commercial lending rate in U.S. dollars announced by the swingline agent in force on that day, and the applicable margin over the rate per annum determined by the swingline agent to be the federal funds rate (weighted average of the rates on overnight Federal funds transactions with members of the U.S. Federal Reserve System, published by Federal Reserve Bank of New York, or, if a rate is not published, the average quotation for that day on those transactions received by the swingline agent from three Federal funds. TP ICAP may select an interest period of no more than five New York Business Days for a Swingline Loan in the relevant request for that loan.

Certain fees and expenses, including the facility agent's fee, the swingline agent's fee, the arrangement fee, the RCF commitment fee, the document co-ordination fee and the RCF utilisation fee, are also payable.

Repayment

Each loan made under the RCF is repayable on the last day of its interest period but, subject to the terms of the Facilities Agreement, may be re-borrowed.

Mandatory and voluntary prepayment

The Facilities Agreement allows for voluntary prepayments and requires mandatory prepayments in full in certain circumstances, including in the event of a change of control. A change of control occurs where (i) there is a change of TP ICAP (other than as a result of a corporate reorganisation which retains the same ultimate shareholders of the TP ICAP Group), or (ii) where TP ICAP ceases to hold (directly or indirectly) 100 per cent. of the issued share capital of any Facility B Borrower. It is intended that the change of control provisions are updated in the RCF amendment and restatement such that a change of control will occur (a) if there is a change of control of TP ICAP, (b) if TP ICAP ceases to hold (directly or indirectly) 100 per cent. of the issued share capital of any Facility B Borrower, or (c) if TP ICAP (or any replacement parent company of the TP ICAP Group) ceases to hold (directly or indirectly) 100 per cent. of the issued share capital of TP ICAP. It is anticipated that the RCF amendment and restatement will occur once the Group re-organisation and Scheme Effective Date occurs.

Representations, warranties and undertakings

The Facilities Agreement contains certain customary representations and warranties. It requires TP ICAP to comply with certain negative covenants, including covenants relating to creation of security, financial indebtedness, disposals, acquisitions and change in business. In addition, the Facilities Agreement requires TP ICAP to maintain specified financial ratios in relation to consolidated total net borrowings to consolidated EBITDA, and consolidated EBIT to consolidated net interest payable. The Facilities Agreement also contains certain customary affirmative undertakings including, among others, undertakings in relation to delivery of financial statements, compliance with laws, insuring the business and assets and *pari passu* ranking.

Final maturity

The final date of the Facilities Agreement is 19 December 2023. Each outstanding loan shall be repaid on the final maturity date.

Events of default

The Facilities Agreement contains certain customary events of default including, among others, events relating to failure to pay, misrepresentation, cross default, breach of financial covenants, insolvency, insolvency proceedings and material adverse change.

Covenants

The Facilities Agreement contains certain covenants, being:

(i) Leverage: TP ICAP must ensure that consolidated total net borrowings do not, at the end of each relevant measurement period, exceed 2.5:1 times consolidated EBITDA for such measurement period; and

(ii) Interest Cover: TP ICAP must ensure that the ratio of consolidated EBIT to consolidated net interest payable is not, in respect of each relevant measurement period, less than 4.0:1.

The measurement period is the 12-month period ending on the last day of TP ICAP's financial year or financial half-year.

(g) Revolving Credit Facility—Tokyo Tanshi

TP ICAP entered into a facilities agreement (the **Tokyo Tanshi Facilities Agreement**) in respect of a JPY10 billion revolving credit facility (the **Tokyo Tanshi RCF**) dated 27 August 2020 with The Tokyo Tanshi Co. Ltd as the original lender. The Tokyo Tanshi RCF contains an accession mechanic such that New TP ICAP shall accede to the Tokyo Tanshi RCF as a guarantor on or before the Scheme Effective Date.

Purpose

The facility is made available for the general corporate purposed of the TP ICAP Group, including acquisitions.

Interest and fees

The Tokyo Tanshi Facilities Agreement contains customary provisions relating to interest and fees chargeable.

The rate of interest payable on borrowings under the Tokyo Tanshi RCF is the aggregate of TIBOR and an applicable margin equal to 1.6 per cent. per annum. TP ICAP may select the relevant interest period by notification to the lender and each interest period of 6 months or less is agreed by the borrower and lender.

Certain fees and expenses including the arrangement fee and the Tokyo Tanshi RCF commitment fee are also payable.

Repayment

Each loan made under the Tokyo Tanshi RCF is repayable on the last day of its interest period but, subject to the terms of the Tokyo Tanshi Facilities Agreement, may be re-borrowed.

Mandatory and voluntary prepayment

The Tokyo Tanshi Facilities Agreement allows for voluntary prepayments and requires mandatory prepayments in full in certain circumstances, including in the event of a change of control. A change of control occurs where (i) before the Scheme Effective Date occurs, any person or group of persons acting in concert gains control of TP ICAP; (ii) on and from the Scheme Effective Date, any person or group of persons acting in concert gains control of the guarantor; or (iii) on and from the Scheme Effective Date, the guarantor (or any replacement parent company of the Group) ceases to hold (directly or indirectly) 100 per cent. of the issued share capital of TP ICAP.

Representations, warranties and undertakings

The Tokyo Tanshi Facilities Agreement contains certain customary representations and warranties. It requires TP ICAP to comply with certain negative covenants, including covenants relating to creation of security, financial indebtedness, disposals, acquisitions and change in business. In addition, the Tokyo Tanshi Facilities Agreement requires TP ICAP to maintain specified financial ratios in relation to consolidated total net borrowings to consolidated EBITDA, and consolidated EBIT to consolidated net interest payable. The Tokyo Tanshi Facilities Agreement also contains certain customary affirmative undertakings including, among others, undertakings in relation to delivery of financial statements, compliance with laws, and *pari passu* ranking.

Final maturity

The final date of the Tokyo Tanshi Facilities Agreement is 27 August 2022, subject to an extension option whereby every six-month anniversary, and subject to both parties agreement, the final maturity date may be extended a further six months. Each outstanding loan shall be repaid on the final maturity date (being either 27 August 2022, or the date on which the facilities agreement is eventually extended to).

Events of default

The Tokyo Tanshi Facilities Agreement contains certain customary events of default including, among others, events relating to failure to pay, misrepresentation, cross default, breach of financial covenants, insolvency, insolvency proceedings and material adverse change.

Covenants

The Tokyo Tanshi Facilities Agreement contains certain covenants,

(i) Leverage: TP ICAP must ensure that consolidated total net borrowings do not, at the end of each relevant measurement period, exceed 2.5:1 times consolidated EBITDA for such measurement period; and

(ii) Interest Cover: TP ICAP must ensure that the ratio of consolidated EBIT to consolidated net interest payable is not, in respect of each relevant measurement period, less than 4.0:1.

The measurement period is the 12-month period ending on the last day of TP ICAP's financial year or financial half-year.

(h) Notes issued under the £1 billion Euro Medium Term Note Programme

On 26 January 2017, TP ICAP issued £500 million 5.250 per cent Notes due 2024 (the **2024 Notes**) under its £1 billion Euro Medium Term Note Programme (the **EMTN Programme**). As of the date of this Circular, £431 million of the 2024 Notes are outstanding following a £69 million buy back in 2019.

On 29 May 2019, TP ICAP issued £250 million 5.250 per cent. Notes due 2026 (the **2026 Notes**, and, together with the 2024 Notes, the **EMTN Notes**) under the EMTN Programme.

The EMTN Notes are governed by English law and their terms and conditions contain a negative pledge and events of default which are customary for euro medium term notes. Under the terms of the EMTN Notes, the interest rates payable thereon would increase by 1.250 per cent. per annum during any interest period if, at the start of such interest period, TP ICAP is not maintaining an investment-grade credit rating in respect of the EMTN Notes. As of the date of this Circular, TP ICAP is maintaining an investment-grade credit rating (BBB- by Fitch).

8.2 *Liquidnet Group*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the Liquidnet Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by any member of the Liquidnet Group and contain provisions under which any member of the Liquidnet Group has an obligation or entitlement which is, or may be, material to the Liquidnet Group at the date of this document:

(a) Credit Agreement

On 13 July 2017, Liquidnet and certain of its subsidiaries entered into a credit and guarantee agreement in respect of a $200 million term loan with Jeffries Finance LLC and certain other parties listed therein, as lenders (the **Credit Agreement**) and a security agreement between Liquidnet and certain of its subsidiaries and Jefferies Finance LLC, as collateral agent, pledgee, assignee and secured party (the **Security Agreement**). Under the Credit Agreement, 909,011 shares of capital stock of Liquidnet Technologies Europe Limited (U.K.), 6,600 shares of capital stock of Liquidnet Bermuda Limited and 858,141 shares of capital stock of Quiet Signal, Inc. were pledged as collateral.

As of 30 September 2020, the outstanding principal amount under the term loan was $117.5 million.

Pursuant to the Acquisition Agreement, outstanding amounts under the Credit Agreement will be paid off by TP ICAP at the closing of the Acquisition (with such amount to be deducted from the purchase price to be paid pursuant to the Acquisition Agreement) and the liens granted under the Security Agreement will be released.

9. Working capital

The Company is of the opinion that, taking into account the net proceeds of the Rights Issue and the facilities available to the Enlarged Group, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next 12 months from the date of publication of this Circular.

10. Litigation

10.1 *TP ICAP Group*

Save as disclosed below in this document, during the 12 months preceding the date of this document, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company or the TP ICAP Group.

(a) European Commission—Yen LIBOR

In February 2015, the European Commission imposed a fine of £13 million (€15 million) on NEX International Limited (formerly ICAP plc), ICAP Management Services Limited and ICAP New Zealand Limited for alleged competition violations in relation to the involvement of certain of ICAP's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. Whilst this matter relates to alleged conduct violations that occurred prior to the TP ICAP Group's acquisition of IGBB from ICAP, the fine imposed by the European Commission was appealed and the TP ICAP Group sought a full annulment of the Commission's decision. In the event that the European Commission imposes a fine in excess of €15 million, such excess will be borne by ICAP's successor firm, NEX. In November 2017, the European General Court granted a partial annulment of the European Commission's findings. The European Commission appealed this decision in February 2018 and IEL served its reply during April 2018. A decision from the Courts of Justice of the European Union was received on 10 July 2019 which determined that the decision of the European Commission in relation to the competition violations stood but the decision of the European Commission imposing the fine was annulled. The European Commission is likely to adopt new articles in relation to a fine however, and therefore, on the basis of legal advice received, the TP ICAP Group initially retained a £9 million (€10 million) provision in its accounts in connection with this matter. Based on the latest review, the TP ICAP Group updated the provision to £5.8 million (€6.5 million) in December 2020.

(b) Commodity Futures Trading Commission—Bond issuances investigation

ICAP Global Derivatives Limited (**IGDL**), ICAP Energy LLC (**Energy**), ICAP Europe Limited (**IEL**), Tullett Prebon Americas Corp. (**TPAC**), tpSEF Inc. (**tpSEF**), Tullett Prebon Europe Limited (**TPEL**) Tullett Prebon (Japan) Limited (**TPJL**) and Tullett Prebon (Australia) Limited (**TPAL**) are currently responding to an investigation by the CFTC in relation to the pricing of issuances utilising certain of TP ICAP's indicative broker pricing screens. The investigation is still in the fact-finding phase and TP ICAP is co-operating with the CFTC in its enquiries. It is not possible to predict the ultimate outcome of the investigation or to provide an estimate of any potential financial impact at this time. As the investigation relates in part to historic matters that occurred prior to the TP ICAP Group's acquisition of IGBB from ICAP, but which were not disclosed to the Group prior to completion of the acquisition, the TP ICAP Group has initiated a court action against ICAP's successor company, NEX, for breach of warranty.

(c) IFUS

On 11 May 2020, Tullett Prebon (Europe) Ltd (**TPE**) received notice of the instigation of disciplinary proceedings by ICE Futures U.S. (**IFUS**) relating to activities undertaken between March 2018 and September 2019. Following engagement and consultation with IFUS, TPE agreed a settlement with IFUS dated 13 August 2020 under which TPE agreed to pay a fine of $520,000 in respect of failures of block trades, general record requirements, order ticket requirements, minimum quantity requirements, disclosure of customer identity and failure to supervise. As part of that agreement TPE agreed to enhance its compliance manual, to take reasonable proactive and appropriate measures to be in compliance with Exchange Rules of IFUS, to conduct training covering Exchange Rules and to require all TPE brokers to acknowledge receipt and understanding of such training and to co-operate with periodic audits of TPE compliance in connection with Exchange Rules.

(d) *FCA investigation*

On 11 October 2019, the FCA issued its Final Notice in respect of its investigation into Tullett Prebon Europe Limited (**TPEL**). The FCA imposed a financial penalty on TPEL of £15.4 million which takes into account a discount of 30 per cent. under the FCA's settlement procedures. Without this discount, the fine would have been £22 million. The matter related to certain trades undertaken between 2008 and 2011 which were found by the FCA to have no commercial rationale or economic purpose, on which brokerage was paid, and the failure by TPEL to discover certain audio files and produce them to the FCA in a timely manner. The FCA found that certain former managers in TPEL's Global Broking Division and in TPEL's Compliance Department failed to act with due skill, care and diligence. It was also found that at the time there were inadequate systems and controls in place to deal with the risk of improper broker conduct. The investigation also related to the circumstances surrounding both a failure by TPEL to discover certain audio files and produce them to the FCA in a timely manner, together with the incorrect account given by TPEL to the FCA as to how those files were discovered. TPEL entered into a settlement agreement with the FCA in connection with the Final Notice and will not appeal the FCA's findings. The financial penalty was reported as an exceptional item in the notes to the TP ICAP 2019 Financial Statements in the TP ICAP 2019 Annual Report.

(e) *Bank Bill Swap Reference Rate case*

On 16 August 2016, a complaint was filed in the United States District Court for the Southern District of New York naming Tullett Prebon plc, ICAP plc, ICAP Australia Pty Ltd and Tullett Prebon (Australia) Pty. Limited as defendants together with various Bank Bill Swap Reference Rate (**BBSW**) setting banks. The complaint alleges collusion by the defendants to fix BBSW-based derivatives prices through manipulative trading during the fixing window and false BBSW rate submissions. On 26 November 2018, the Court dismissed all of the claims against the TP ICAP defendants and certain other defendants. On 28 January 2019, the Court ordered that a stipulation signed by the plaintiffs and the TP ICAP defendants meant that the TP ICAP defendants were not required to respond to any Proposed Second Amended Class Action Complaint (**PSAC**) that the plaintiffs were seeking to file. On 3 April 2019 the plaintiffs filed a PSAC, however the TP ICAP defendants have no obligation to respond. The plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

(f) *Labour claims—ICAP Brazil*

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda (**ICAP Brazil**) is a defendant in 11 pending lawsuits filed between October 2007 and November 2018 in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together, the **Labour Claims**). The TP ICAP Group estimates the maximum potential aggregate exposure in relation to the Labour Claims, including any potential social security tax liability, to be BRL60 million (£8 million). The TP ICAP Group is the beneficiary of an indemnity from NEX in relation to any liabilities in respect of 7 of the 11 Labour Claims insofar as they relate to periods prior to completion of the TP ICAP Group's acquisition of ICAP. This includes a claim that is indemnified by a predecessor to ICAP Brazil by way of escrowed funds in the amount of BRL24.5 million (£3 million). As of the date of this Circular, the Labour Claims are at various stages of their respective proceedings and are pending an initial witness hearing, the court's decision on appeal or a ruling on a motion for clarification. The TP ICAP Group intends to contest liability in each of these matters and to vigorously defend itself. It is not possible to predict the ultimate outcome of these actions or to provide an estimate of any potential financial impact.

(g) *Flow case—Tullett Prebon Brazil*

In December 2012, Flow Participações Ltda. and Brasil Plural Corretora de Câmbio, Títulos e Valores (**Flow**) initiated a lawsuit against Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio and Tullett Prebon Holdings do Brasil Ltda alleging that the defendants have committed a series of unfair competition misconducts, such as the recruitment of Flow's former employees, the illegal obtainment and use of systems and software developed by the plaintiffs, as well as the transfer of technology and confidential information from Flow and the collusion to do so in order to increase profits from economic activities. The amount currently claimed is BRL257 million (£35 million). The TP ICAP Group intends to vigorously defend itself but there is no certainty as to the outcome of these claims. The case is currently in an evidentiary phase. As of the date of this Circular, the TP ICAP Group has not made and does not intend to make any financial provisions in relation to this case.

(h) LIBOR class actions

The TP ICAP Group is currently defending three LIBOR related actions.

Stichting LIBOR class action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited (**IEL**), ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking TP ICAP Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. A hearing took place on 18 June 2019, on the defendants' motions to dismiss the proceedings. On 14 August 2019, the Dutch Court issued a ruling dismissing ICAP plc from the case entirely but keeping certain claims against IEL relating solely to Yen LIBOR. On 9 December 2020, the Dutch Court issued a final judgment dismissing the foundation's claims in their entirety. The foundation has until 9 March 2021 to appeal this final judgment. The TP ICAP Group is covered by an indemnity from NEX in relation to any liabilities in respect of the ICAP entities with regard to these matters. It is not possible to estimate any potential financial impact in respect of this matter at this time.

Swiss Franc LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of *Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al*. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the **Companies**). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR-based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (antitrust) and RICO. On 16 September 2019, the Court granted the Companies' motions to dismiss in their entirety. The plaintiffs appealed the dismissal to the United States Court of Appeals for the Second Circuit. The Companies intend to contest liability in the matter and to vigorously defend themselves. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

(i) Yen LIBOR Class Actions

In April 2013, ICAP plc was added as a defendant to an existing civil litigation originally filed in April 2012, Laydon v. Mizuho Bank, Ltd, against certain Yen LIBOR and Euroyen TIBOR panel banks alleging purported manipulation of the Yen LIBOR and Euroyen TIBOR benchmark interest rates. The United States District Court for the Southern District of New York dismissed the plaintiff's antitrust and unjust enrichment claims, but upheld the plaintiff's claim for purported manipulation under the Commodity Exchange Act. ICAP plc and certain other foreign defendants were dismissed in March 2015 for lack of personal jurisdiction. The Court permitted plaintiffs to file an amended complaint whereby they added new defendants to the action including ICAP Europe Limited and Tullett Prebon plc. On 10 March 2017, both ICAP Europe Limited and Tullett Prebon plc were dismissed for lack of personal jurisdiction. On 23 October 2020, the plaintiffs served their formal notice of intent to appeal the dismissal of the TP ICAP defendants. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

Other plaintiffs filed a related complaint, *Sonterra Capital Master Fund, Ltd. v. UBS AG*, which included ICAP plc, ICAP Europe Limited and Tullett Prebon plc as defendants, asserting a cause of action for antitrust injury only as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by panel banks and brokers. The defendants filed motions to dismiss for lack of jurisdiction and failure to state a claim. On 10 March 2017, the Court issued an order dismissing the entirety of the *Sonterra* case on the grounds that the plaintiffs lacked antitrust standing. The plaintiffs appealed the dismissal, which was then stayed to accommodate new settlements reached between the plaintiffs and some of the defendants. The briefing on the appeal was completed on 28 January 2019 and oral argument was heard on 5 February 2020. On 1 April 2020, the Second Circuit Court of Appeals reversed and remanded the dismissal. In October 2020, the Company filed a renewed motion to dismiss on grounds that were not reached in the original decision to dismiss including but not limited to lack of personal jurisdiction. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

(j) ICAP Securities Limited, Frankfurt branch—Frankfurt Attorney General administrative proceedings

ICAP Securities Limited, Frankfurt branch (**ISL**) received a letter dated 19 December 2018 from the Attorney General's office in Frankfurt notifying ISL it had commenced administrative proceedings against ISL and criminal proceedings against former employees of ISL, in respect of aiding and abetting tax evasion by Rafael Roth Financial Enterprises GmbH (**RRFE**). It is possible that a corporate administrative fine may be imposed on ISL and earnings derived from the criminal offence confiscated. ISL has appointed external counsel and is in the process of investigating the activities of the desk from 2006-2009. This investigation is complicated as the majority of records are held by NEX. The TP ICAP Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. It is not possible at this stage to provide an estimate of any potential financial impact on the TP ICAP Group.

(k) ICAP Securities Limited and The Link Asset and Securities Company Limited—proceedings by the Cologne Public Prosecutor

On 11 May 2020, TP ICAP learned that proceedings have been commenced by the Cologne Public prosecutor against ISL and The Link Asset and Securities Company Ltd (**Link**) in connection with criminal investigations into individuals suspected of aiding and abetting tax evasion between 2004 and 2012. It is possible that the Cologne Public Prosecutor may seek to impose an administrative fine against ISL or Link or confiscate the earnings that ISL or Link allegedly derived from the underlying alleged criminal conduct by the relevant individuals. ISL and Link have appointed external lawyers to advise them. The TP ICAP Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. Since the proceedings brought by the Cologne Public Prosecutor are at an early stage, details of the alleged wrongdoing or case against ISL and Link are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

*(l) Autorité des Marchés Financiers (**AMF**)*

In August 2019, Tullett Prebon (Europe) Limited was notified that the AMF was investigating alleged facilitation of market abuse conduct concerning historic transactions with a client undertaken in 2015 on Eurex. In June 2020, the AMF initiated enforcement proceedings before the Enforcement Committee of the AMF. TPEL has responded to the AMF's letter of grievance and is waiting to hear further.

(m) NYMEX

On 14 December 2020, TPE, TPAC, and ICAP Corporates LLC (ICAP Corp.) collectively settled four related enforcement matters with the New York Mercantile Exchange (NYMEX) that included total fines of $282,500. The matters involved alleged violations of NYMEX rules related to the timely and accurate reporting of block trades to the exchange, maintenance of records relating to block trades, adequate supervision of the execution of block trades by company employees, and unauthorized disclosure of the identity of parties to a block trade.

10.2 ***Liquidnet Group***

During the 12 months preceding the date of this document, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on the financial position or profitability of Liquidnet or the Liquidnet Group.

11. No Significant Change

11.1 ***TP ICAP Group***

There has been no significant change in the financial position or financial performance of the TP ICAP Group since 30 September 2020, being the date to which the latest interim financial information of the TP ICAP Group has been published.

11.2 ***Liquidnet Group***

There has been no significant change in the financial position or financial performance of the Liquidnet Group since 30 September 2020, being the date to which the latest interim financial information of the Liquidnet Group has been published.

12. Consents

Each of BofA Securities, JP Morgan, Peel Hunt and HSBC has given and not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

Deloitte has given, and not withdrawn, its written consent to the inclusion in this Circular of its reports in Section C (*Accountant's Report on the Historical Financial Information relating to the Liquidnet Group*) of Part 4 (*Historical Financial Information relating to the Liquidnet Group*) and in Section B (*Accountant's Report on the Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*), in the form and context in which they appear.

13. Incorporation by reference

The following documents, which have been approved, filed with or notified to the FCA, and which are available for inspection in accordance with paragraph 14 (*Documents on display*) of this Part 6 (*Additional Information*), contain information about the TP ICAP Group which is relevant to this Circular:

- 2019 Annual Report and Financial Statements (including the TP ICAP Group 2019 Financial Statements) (the **TP ICAP 2019 Annual Report**);
- 2018 Annual Report and Financial Statements (including the TP ICAP Group 2018 Financial Statements) (the **TP ICAP 2018 Annual Report**); and
- 2017 Annual Report and Financial Statements (including the TP ICAP Group 2017 Financial Statements) (the **TP ICAP 2017 Annual Report**).

The table below sets out the sections of these documents which are incorporated by reference in, and form part of, this Circular, and only the parts of the documents identified in the table below are incorporated by reference in, and form part of, this Circular. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Circular. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

Reference document	Information incorporated by reference in this Circular	Page number(s) in reference document
TP ICAP 2019 Annual Report	Note 38 to the Financial Statements	175
TP ICAP 2018 Annual Report	Note 36 to the Financial Statements	174
TP ICAP 2017 Annual Report	Note 36 to the Financial Statements	151

14. Documents on display

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at: (i) at the Company's office at Floor 2, 155

Bishopsgate, London EC2M 3TQ; and (ii) (with the exception of the Acquisition Agreement) on the Company's website (www.tpicap.com) where Shareholders can follow instructions on how to access such documents, up to and including the date of the General Meeting and for the duration of the General Meeting:

(a) the Articles;

(b) the accountant's report from Deloitte set out in Section C (*Accountant's Report on the Historical Financial Information relating to the Liquidnet Group*) of Part 4 (*Historical Financial Information relating to the Liquidnet Group*) of this Circular;

(c) the accountant's report from Deloitte set out in Section B (*Accountant's Report on the Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of Part 5 (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular;

(d) the consolidated financial information relating to the TP ICAP Group as at and for the years ended 31 December 2017, 31 December 2018 and 31 December 2019, and the relevant auditor's report thereon by Deloitte;

(e) the written consents referred to in paragraph 12 (*Consents*) of this Part 6 (*Additional Information*);

(f) the Acquisition Agreement;

(g) this Circular; and

(h) the Form of Proxy.

PART 7

Definitions and Glossary

The following expressions have the following meanings throughout this Circular, unless the context otherwise requires:

The following definitions apply throughout this document unless the context requires otherwise:

Acquisition	the acquisition of Liquidnet by TP ICAP
Acquisition Agreement	the agreement entered into between, among others, TP ICAP and Liquidnet on 9 October 2020 in connection with the Acquisition
Admission	admission of the New Ordinary Shares, nil paid, to the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective in accordance with paragraph 3.2.7G of the Listing Rules and paragraph 2.1 of the Admission and Disclosure Standards published by the London Stock Exchange
Annual General Meeting	the annual general meeting of the Company held on 13 May 2020
Articles	the articles of association of the Company
Board	the board of directors of the Company from time to time
BofA Securities	Merrill Lynch International
Business Day	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business
CCSS	the CREST Courier and Sorting Service
certificated or certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Chairman	Richard Berliand
Chief Executive Officer	Nicolas Breteau
Companies Act	the Companies Act 2006, as amended
Company or TP ICAP	TP ICAP plc
Completion of the Acquisition	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
Court	the High Court of Justice of England and Wales
Court Meeting	meeting of the holders of the Scheme Shares convened with permission, or by an order, of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
CREST Manual	the CREST manual consisting of: the CREST reference manual; CREST international manual; CREST central counterparty service manual; the CREST rules; CCSS operations manual; and CREST glossary of terms, available at https://www.euroclear.com
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378)
CREST Sponsored Member	a CREST Member admitted to CREST as a sponsored member

Dealing Day	a day on which dealings in domestic equity market securities may take place on London Stock Exchange's main market for listed securities
Deloitte	Deloitte LLP
Directors	the Executive Directors, the Independent Non-Executive Directors and the Chairman of TP ICAP
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
Disclosure Requirements	articles 17, 18 and 19 of the Market Abuse Regulation
Enlarged Group	the TP ICAP Group as enlarged by the acquisition of Liquidnet following Completion of the Acquisition
euro or EUR or €	the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended
Euroclear	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
European Economic Area	the European Union, Iceland, Norway and Liechtenstein
European Union or EU	an economic and political union of 27 member states which are located primarily in Europe
EUWA	European Union (Withdrawal) Act 2018
Exchange Act	the U.S. Securities Exchange Act of 1934, as amended
Executive Directors	Nicolas Breteau, Robin Stewart and Philip Price
Existing Ordinary Shares	the ordinary shares of 25 pence each in the capital of TP ICAP at the Record Date
FCA	the UK Financial Conduct Authority
Form of Proxy	the form of proxy for use at the General Meeting
FSMA	the UK Financial Services and Markets Act 2000, as amended
GDPR	the General Data Protection Regulation (Regulation (EU) 2016/679)
General Meeting	the general meeting of Shareholders to be held at 1.45 p.m on 1 February 2021 to consider, and if thought fit, pass, the Resolution in connection with the Acquisition, including any adjournment thereof
Group	the TP ICAP Group, and after Completion of the Acquisition, the Enlarged Group, as applicable
HMRC	HM Revenue and Customs
HSBC or Sole Global Co-ordinator	HSBC Bank plc
IFRS	International Financial Reporting Standards, as adopted by the European Union
Independent Non-Executive Directors	Edmund Ng, Roger Perkin, Angela Knight, Michael Heaney, Mark Hemsley, Angela Crawford-Ingle and Tracy Clarke
JP Morgan	J.P. Morgan Securities plc
Liquidnet	Liquidnet Holdings, Inc.
Liquidnet Group	Liquidnet and its subsidiaries and subsidiary undertakings, and, where the context requires it, its associated undertakings from time to time
Latest Practicable Date	5 January 2021 (being the latest practicable date prior to publication of this document)

Link Group	a trading name of Link Market Services
Listing Rules	the listing rules of the FCA made under Section 74(4) of the FSMA
Loan Note Instrument	the loan note instrument constituting $50 million principal amount of 3.20 per cent. fixed rate senior loan notes to be issued by either TP ICAP or New TP ICAP on Completion of the Acquisition
Loan Notes	the 3.20 per cent. fixed rate unsecured loan notes constituted by the Loan Note Instrument for the principal amounts represented by them
London Stock Exchange	London Stock Exchange plc
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Member State	member state of the EU
Merger Sub	TP ICAP Acquisitions Co.
New Ordinary Shares	the 225,334,552 new Ordinary Shares to be issued pursuant to the Rights Issue
New TP ICAP	TP ICAP Group plc, a public limited company incorporated in Jersey, which will become, pursuant to the Scheme, the new holding company of TP ICAP
New TP ICAP Admission	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 Prospectus	the prospectus to be published by New TP ICAP in connection with the New TP ICAP Admission in accordance with the Prospectus Regulation Rules
Notice of General Meeting	the notice of General Meeting which forms part of this Circular
Official List	the Official List maintained by the FCA
Ordinary Shares	ordinary shares of 25 pence each in the capital of the Company
Overseas Shareholders	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
PDMR	person discharging managerial responsibilities within the meaning of Section 96B(1) of the FSMA
Peel Hunt	Peel Hunt LLP
pounds sterling or £	the lawful currency of the United Kingdom of Great Britain and Northern Ireland
PRA	UK Prudential Regulation Authority
Proposed Director	Kath Cates
Prospectus	the prospectus published by TP ICAP on the date of this Circular in connection with the Rights Issue
Prospectus Regulation Rules	the prospectus regulation rules of the FCA made under Section 73A of the FSMA
Provisional Allotment Letter	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders)
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form on the Record Date
Qualifying Shareholders	holders of Ordinary Shares on the register of members of the Company at the Record Date
Record Date	close of business on 28 January 2021

Redomiciliation	the corporate reorganisation pursuant to which a new publicly listed holding company incorporated in Jersey is expected to become the holding company of TP ICAP by means of a scheme of arrangement under the Companies Act
Register	the Company's register of members
Registrar or Receiving Agent	Link Group
Regulation S	Regulation S under the U.S. Securities Act
Regulations	regulation, legislation and other mandatory requirements issued by authorities within the United Kingdom, the European Union and other relevant jurisdictions to which the TP ICAP Group's operations are subject
Regulatory Information Service	one of the regulatory information services authorised by the Financial Conduct Authority to receive, process and disseminate regulatory information from listed companies
Remuneration Committee	the remuneration committee of the Board
Resolution	means the ordinary resolution proposed at the General Meeting to approve the Acquisition as set out in the Notice of General Meeting, with any permitted amendments thereto
Revolving Credit Facility	the £270 million multicurrency revolving credit facility dated 19 December 2018 entered into by TP ICAP
Rights Issue	the offer by way of a rights issue to Qualifying Shareholders to subscribe for New Ordinary Shares on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter
Rights Issue Price	140.0 pence per New Ordinary Share
Rule 144A	Rule 144A under the U.S. Securities Act
Scheme	the scheme of arrangement to be proposed, in connection with the Redomiciliation, under Part 26 of the UK Companies Act, between TP ICAP and the Scheme Shareholders
Scheme Circular	the circular to be sent by TP ICAP to its shareholders in connection with the Scheme and prepared in accordance with the Listing Rules and the Companies Act, containing, among other things, certain information about TP ICAP, New TP ICAP and the Redomiciliation and notice of the Court Meeting and notice of the Scheme General Meeting
Scheme Effective Date	the date on which the Scheme becomes effective in accordance with its terms
Scheme General Meeting	the general meeting of TP ICAP to be convened for the purposes of considering, and if thought fit, approving certain matters in connection with the Scheme, including any adjournment thereof
Scheme Meetings	the Court Meeting and the Scheme General Meeting
Scheme Resolutions	(i) a resolution to approve the Scheme to be proposed to the Court Meeting; and (ii) the special resolutions to effect certain matters in connection with the Scheme to be proposed at the Scheme General Meeting, to be set out in the notice of the Scheme General Meeting in the Scheme Circular
Scheme Shareholders	holders of Scheme Shares, from time to time
Scheme Shares	shares of TP ICAP that are subject to the Scheme
SEC	the U.S. Securities and Exchange Commission
Share Plans	the employee share plans operated by the Company

Shareholders	holders of Ordinary Shares
TP ICAP Group	TP ICAP plc and its subsidiaries and subsidiary undertakings, and, where the context requires it, its associated undertakings from time to time
UK Corporate Governance Code	the UK Corporate Governance Code dated July 2018 issued by the Financial Reporting Council
UK Prospectus Regulation	the UK version of Regulation (EU) 2017/1129, which is part of UK law by virtue of the EUWA
uncertificated or uncertificated form	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Underwriters	HSBC, BofA Securities, JP Morgan and Peel Hunt
Underwriting Agreement	the underwriting agreement entered into between the Company, HSBC, BofA Securities, JP Morgan and Peel Hunt relating to the Rights Issue and as further described in paragraph 8.1(d) of Part 6 (*Additional Information*) of this document
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. dollars or $	the lawful currency of the United States of America
U.S. GAAP	U.S. Generally Accepted Accounting Principles
U.S. GAAS	U.S. Generally Accepted Auditing Standards
U.S. Securities Act	the U.S. Securities Act of 1933, as amended
VAT	value added tax

TECHNICAL GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

Algos	Adaptive learning algorithms specifically designed for institutions and their unique workflows to allow execution in Liquidnet's liquidity pool and on other venues; features a patented algorithm ranking model with real-time course correction
All-to-All (A2A)	OTC trading market which allows any member, dealer or client, to negotiate and trade with any other member
Attribute-Based Inquiries	A Liquidnet FIX protocol which enables clients to search for liquidity using attributes, tickers, or a larger list of bonds
Block trading	Trading by institutional investors, generally of large positions, executed so as to avoid the negative impact those trades may have on price as they are executed
blotter-sync technology	An automated workflow solution integrating client-side order management systems (OMS) and execution management systems (EMS) with Liquidnet—where client's orders are automatically mirrored in Liquidnet's liquidity pools on an uncommitted basis—allowing client's to automatically search for liquidity in Liquidnet's network
Client-to-Client (C2C)	OTC trading market which allows only buy-side clients to negotiate and trade with other buy-side clients
dealers	Include banks, sell-side institutions, and market-makers
Dealer-to-Client (D2C)	OTC trading market which allows only dealers to negotiate and trade with buy-side clients
Dealer-to-Dealer (D2D)	OTC trading market which allows only dealers to negotiate and trade with other dealers
Dark matching	A Liquidnet FIX protocol which connects participants with opposite indications for liquidity discovery and price negotiation with maximum information protection, facilitating large orders or less liquid securities
Dark trading	Non-exchange-based trading between intermediaries interested in placing orders for the trading of specific securities without information leakage
Dark pools	Networks, including privately held trading forums, exchanges or markets which allow investors to engage in "dark trading" of large orders without giving away their positions (pre-trade transparency) during the search for a counterparty, in order to avoid distorting the market
EMS	Execution management systems—electronic system developed to execute securities orders in an efficient and cost-effective manner.
FIX protocol	Financial information exchange (FIX) protocol—an electronic communication protocol supporting trade allocation, order submissions, order changes, execution reporting and advertisements—used by members and non-member buy-side clients
Global Trading Desk	Specialised regional trading desks to help direct order on client's behalf for both single stock and program trading
Liquidnet 5	Equities desktop trading application for accessing the Liquidnet platform
Lit book	Enables members to display all or part of their indication to participants in the network
Low touch trading	trades executed with a minimum of human interaction and decision-making, for example by use of computer algorithms that execute orders around a set of parameters

Negotiated Blocks	Members can use block matching technology to negotiate a price / quantity or execute at the midpoint of the bid-ask price
OMS	Order management systems—electronic system developed to execute securities orders in an efficient and cost-effective manner
OTAS	OTAS Technologies Holdings LTC
Quiet Signal	Quiet Signal, Inc.
RFQ	Request for quote—the dominant FIX protocol, whereby asset managers ask dealers for a quote on a trade they would like to carry out
REL	Research Exchange Limited
RV business	Relative Value business
Substitute liquidity	A Liquidnet FIX protocol which alerts members to liquidity opportunities in similar bonds to the assets in their blotter
Surge capture	Allows traders to automatically take advantage of the increased volume and volatility that typically occurs in the market immediately following a block trade.
Targeted Invitations	A Liquidnet FIX protocol which enhances liquidity by allowing members to anonymously unlock latent liquidity

PART 8

Notice of General Meeting

TP ICAP plc

(Incorporated in England and Wales with registered number 05807599)

Notice is given that a general meeting of TP ICAP plc (the **Company**) will be held on 1 February 2021 at 1.45 p.m. at 2 Broadgate, London, EC2M 7UR (the **General Meeting**) for the purpose of considering and, if thought fit, passing the following resolution. Arrangements have been made for Shareholders to attend the General Meeting and cast their vote on the Resolution electronically, by either downloading the dedicated Lumi AGM App (**AGM App**) or by accessing the Lumi AGM website (**AGM Website**), http://web.lumiagm.com. Further details are provided in the notes overleaf.

ORDINARY RESOLUTION

THAT:

The proposed acquisition by the Company of Liquidnet Holdings, Inc. (the **Acquisition**), substantially on the terms and subject to the conditions set out in the agreement between the Company and Liquidnet Holdings, Inc. (the **Acquisition Agreement**) as described in the circular to the shareholders of the Company dated 7 January 2021 of which this notice forms part (the **Circular**), and all other agreements and ancillary arrangements contemplated by the Acquisition Agreement be and are approved and the directors of the Company (the **Directors**) (or any duly constituted committee of the Directors) be and are authorised to:

(a) take all such steps and/or do or procure to be done all such acts and things on behalf of the Company and/or any of its subsidiary undertakings as the Directors (or any such committee of the Directors) may consider necessary, expedient, appropriate or desirable in connection with, and to implement, the Acquisition; and

(b) agree such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Acquisition and/or to any documents and/or arrangements relating thereto, as they may in their absolute discretion think fit, provided that such modifications, variations, revisions, waivers, extensions, additions or amendments are not of a material nature.

By order of the Board

Richard Cordeschi
Company Secretary

7 January 2021

Registered office: Floor 2, 155 Bishopsgate, London EC2M 3TQ, United Kingdom

Notes:

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the General Meeting (the **Meeting**). A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.
2. A proxy need not also be a member of the Company but must attend the Meeting in person. Shareholders are strongly encouraged to appoint the Chairman as their proxy for the meeting as the Chairman will be present in person. A Form of Proxy may accompany this Notice of General Meeting and the notes to the Form of Proxy set out the details of how to appoint a proxy.
3. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act (a **Nominated Person**). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
4. To appoint a proxy or proxies Shareholders must complete: (a) the Form of Proxy and return it, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of the same to Link Group, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or (b) a CREST proxy instruction as detailed below; or (c) an online proxy appointment via the Link Group website, www.signalshares.com, in each case so that it is received no later than 1.45 p.m. on 28 January 2021 (being 48 hours before the time fixed for the holding of the Meeting with no account being taken for non-working days). The appointment of a proxy will not preclude a member from attending and voting in person. If a member attends the Meeting in person, his proxy appointment will automatically be terminated.
5. A member may change proxy instructions by returning a new proxy appointment using the methods set out above. Where a member has appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard- copy proxy form, please contact Link Group, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. The deadline for receipt of proxy appointments in paragraph 4 above also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received shall be treated as replacing and revoking the other or others. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).
6. In conjunction with its Registrars, the Company has in place a facility to allow each Shareholder to register proxy votes electronically. Detailed information of how to do this is set out on the Form of Proxy. A member can register proxy votes electronically by either logging on to the Registrars' website, www.signalshares.com, and following the instructions, or CREST members may register proxy votes following the procedures set out in the CREST Manual.
7. A "Vote withheld" is not a vote at law, which means that the vote will not be counted in the proportion of votes "For" and "Against" the relevant Resolution. A Shareholder who does not give any voting instructions in relation to a Resolution should note that his/her proxy will have authority to vote or withhold a vote on that Resolution as he/she thinks fit. A proxy will also have authority to vote or to withhold a vote on any other business (including amendments to Resolutions) which properly come before the Meeting as he/she thinks fit.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST Sponsored Members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the

appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given by a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Link Group (ID: RA10) by the latest time(s) for receipt of proxy appointments set out above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

10. Arrangements have also been made to enable all Shareholders to attend the General Meeting electronically. This can be done by either downloading the dedicated Lumi AGM App (**AGM App**) or by accessing the Lumi AGM website (**AGM Website**), http://web.lumiagm.com/. Further information on how to join the meeting electronically is available in the guide at the end of this notice.

11. To access the General Meeting electronically you will need to download the latest version of the dedicated AGM App, called "Lumi AGM", onto your smartphone from the Google Play Store™ or the Apple® App Store. We recommend that you do this in advance of the date of the General Meeting. Please note that the AGM App is not compatible with older devices operating Android 4.4 (and below) or iOS 9 (and below).

12. Lumi AGM can also be accessed online using most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. If you wish to access the AGM using this method, please go to https://web.lumiagm.com/ on the day.

13. On accessing either the AGM App or AGM Website, you will be asked to enter a Meeting ID which is 196-456-087. You will then be prompted to enter a Login Code and PIN. Your Login Code is your 11 digit Investor code (**IVC**), including any leading zeros, and your PIN which is the last four digits of your IVC. Your IVC can be found on your share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link Group, the Company's Registrar, by calling 0371 277 1020. Access to the General Meeting via the AGM App or AGM Website will be available from approximately 12.45 p.m. on 1 February 2021; however, please note that your ability to vote will not be enabled until the Chairman formally opens the General Meeting at 1.45 p.m.

14. The electronic meeting will be broadcast in audio format with presentation slides. Once logged in, and at the commencement of the General Meeting, you will be able to listen to the proceedings of the General Meeting on your device, as well as being able to see the slides of the General Meeting which will include the Resolution to be put forward at the General Meeting.

15. Once the Chairman has formally opened the General Meeting, he will explain the voting procedure. Voting will be enabled on the Resolution at the start of the formal meeting on the Chairman's instructions. This means Shareholders may, at any time while the poll is open, vote electronically on the Resolution. No further Resolutions will be put forward separately.

16. Once the Resolution has been proposed, the Resolution will appear along with the voting options available. Select the option that corresponds with how you wish to vote, "For", "Against" or "Withheld". Once you have selected your choice, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received. There is no submit button. If you make a mistake or wish to change your vote, simply select the correct choice. If you wish to cancel your vote, select the "Cancel"

button and no vote will be recorded for you. You will be able to do this at any time while the poll remains open and before the Chairman announces its closure at the end of the General Meeting.

17. Shareholders attending electronically may ask questions via the AGM App or AGM Website by typing and submitting their question in writing.

18. Select the messaging icon from within the navigation bar and type your question at the bottom of the screen. Once finished, press the 'send' icon to the right of the message box then submit your question. The Chairman will select the questions to put before the meeting and may combine questions where there is a common theme. The Chairman will read the question aloud before providing an answer.

19. An active internet connection is required at all times in order to allow you to cast your vote when the poll opens, submit questions and listen to the audiocast. It is your responsibility to ensure you remain connected for the duration of the meeting.

20. If your Shares are held within a Nominee and you wish to attend the General Meeting electronically, you will need to contact your Nominee in order that they can obtain for you from Link Group, the Company's Registrar, your Login Code and PIN for onward transmission to you ahead of the meeting. Duly appointed proxies should contact the Company's Registrar, Link Group, no later than 5.30 p.m. on 28 January 2021 on 0371 277 1020* for your Login Code and PIN.

21. *Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

22. To be entitled to attend and vote at the Meeting, Shareholders must be registered in the register of members of the Company at 6.30 p.m. on 28 January 2021 (or, if the Meeting is adjourned, at 6.30 p.m. on the date which is two working days prior to the adjourned meeting with no account being taken of any part of a day that is a non-working day). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote (and the number of votes they may cast) at the Meeting or adjourned meeting.

23. As at 5 January 2021 (the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 563,336,880 ordinary shares, carrying one vote each. As at that date, the Company holds no shares in treasury. Therefore the total voting rights in the Company are 563,336,880.

24. The documents listed in paragraph 14 (*Documents on display*) of Part 6 (*Additional Information*) of the Circular will be available for inspection at the registered offices of the Company at Floor 2, 155 Bishopsgate, London EC2M 3TQ during normal business hours from the date of this Notice until the day of the General Meeting (excluding Saturdays, Sundays and public holidays) and will be available for inspection at the place of the General Meeting from 15 minutes before the General Meeting until it ends.

25. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic Form of Proxy, that is found to contain any virus will not be accepted.

26. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held. As soon as practicable following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website www.tpicap.com.

27. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

28. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

29. The contents of this Notice of General Meeting and all the information required by Section 311A of the Companies Act will be available on the Company's website www.tpicap.com.

30. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.

PART 9

Shareholder's Guide to Electronic Attendance

1. Introduction

Arrangements have been made to enable all shareholders to attend the General Meeting electronically. This can be done by either downloading the dedicated Lumi AGM App (the **AGM App**) or by accessing the Lumi AGM website (the **AGM Website**) at https://web.lumiagm.com/. The AGM Website can also be accessed online using most well-known internet browsers such as Internet Explorer 11, Edge, Chrome, Firefox and Safari on a personal computer, laptop or internet-enabled device such as a tablet or smartphone. If you wish to access the meeting using this method, please go to https://web.lumiagm.com/ on the day.

2. Logging in

On accessing either the AGM App or AGM Website, shareholders will be asked to enter a Meeting ID which is 196-456-087. Shareholders will then be prompted to enter a Login Code and a PIN. The login code is your 11 digit investor code (**IVC**), including any leading zeros, and the PIN is the last four digits of the IVC. The IVC can be found on your share certificate, or Signal Shares portal users (www.signalshares.com) will find this under the 'Manage your account' section when logged in to the Signal Shares portal. Virtual access to the meeting "lobby" via the website will be available from approximately 12:45 pm on 1 February 2021. However, the General Meeting will only commence at the designated time.

3. Videocast

The General Meeting will be broadcast in video format with presentation slides. Once logged in, and following the commencement of the meeting, you will be able to watch the proceedings on your device and be able to see any slides presented at the meeting (which may include the resolution(s) to be put forward to the meeting).

4. Voting

Once the Chairman has formally opened the meeting, they will explain the voting procedure. Voting will be enabled on each resolution on the Chairman's instruction. This means shareholders may, at any time while the poll is open, vote electronically on any or all of the resolutions proposed at the meeting.

Once the resolutions have been proposed, the list of resolutions will appear along with the voting options available. Select the option that corresponds with how you wish to vote. Once you have selected your choice, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received. Please note that there is no submit button. If you make a mistake or wish to change your vote, simple select the correct choice, if you wish to "cancel" your vote, select the "cancel" button. You will be able to do this at any time whilst the poll remains open and before the Chairman announces its closure near the end of the meeting.

5. Questions

Questions will be invited before the resolutions are formally put to the vote. Shareholders attending electronically may ask questions via the AGM App or AGM Website by typing and submitting their question in writing. To do so, please select the messaging icon from within the navigation bar and type your question at the bottom of the screen.

6. Access as a visitor or guest

You may also choose to access the relevant meeting as a visitor or guest. As a guest, you will be prompted to complete all the relevant fields including title, first name, last name and email address. Please note, visitors/guests will not be able to ask questions or vote at the meeting.

7. Requirements

You will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox to access the meeting on the AGM Website. Please ensure your browser is compatible.

Please note that an active internet connection is required at all times in order to allow you to cast your vote when the poll opens, submit questions and listen to the audiocast. It is the user's responsibility to ensure they remain connected for the duration of the meeting.

8. Getting the AGM App or accessing the AGM Website

To participate online, you will need to either:

(a) download the Lumi AGM app from the Apple App Store or Google Play Store (please search for "Lumi AGM"); or

(b) visit the Lumi AGM website at https://web.lumiagm.com on your smartphone, tablet or computer (you will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible).

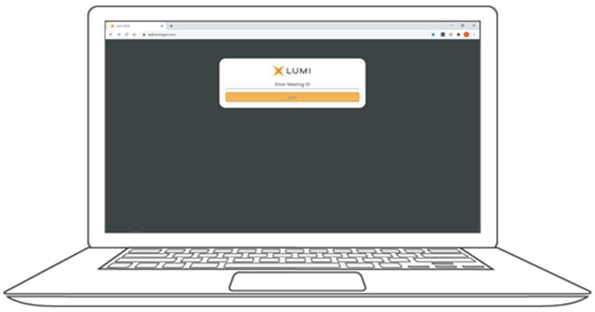
9. Step-by-step guide

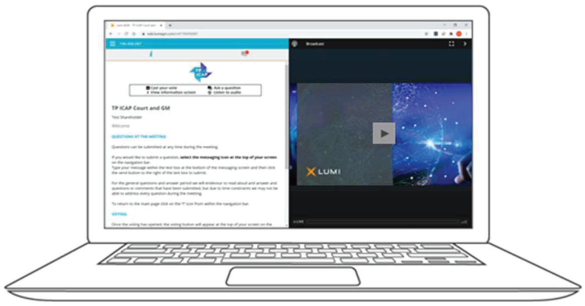
Meeting ID: 196-456-087

To login you must have your Login Code and PIN

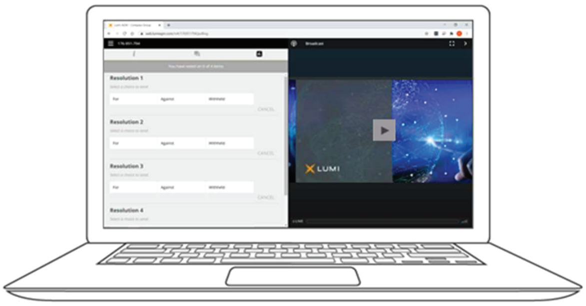
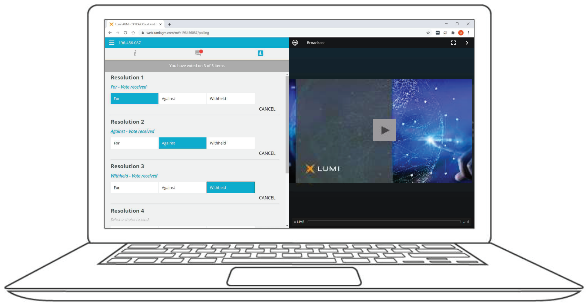
(Your Login Code is your 11 digit Investor Code including any leading zeros and your PIN is the last four digits of your Investor Code)

Access		**Videocast**
Once you have either downloaded the **Lumi AGM app** or entered **web.lumiagm.com** in your web browser, you'll be prompted to enter the Meeting ID set out above. You will then be required to click 'I have a login' and enter your: a) Login Code; and b) PIN. **You will be able to login to the site on 1 February 2021 from approximately 12:45pm.**	To enter the meeting as a shareholder, select '**I have a login**' and enter your Login Code and PIN. If you are a visitor, select '**I am a guest**' As a guest, you will be prompted to complete all relevant fields including title, first name, last name and email address. ***Please note, visitors/guests will not be able to ask questions or vote at the meetings.***	When successfully authenticated, the information screen $\boxed{i}$ will be displayed. You can view company information, ask questions and listen to the audiocast. If you would like to watch the **videocast** on your **phone,** press the broadcast icon at the bottom of the screen. If viewing on a **computer**, the videocast will appear on the right side of the screen automatically once the meeting has started.

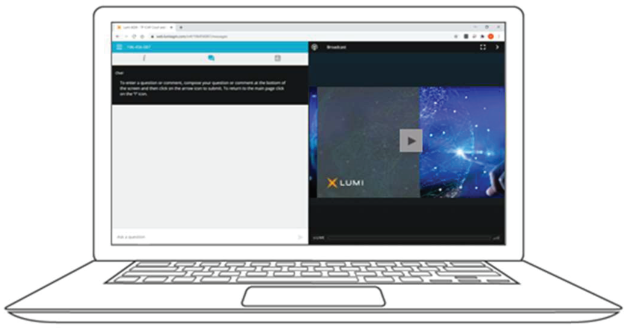
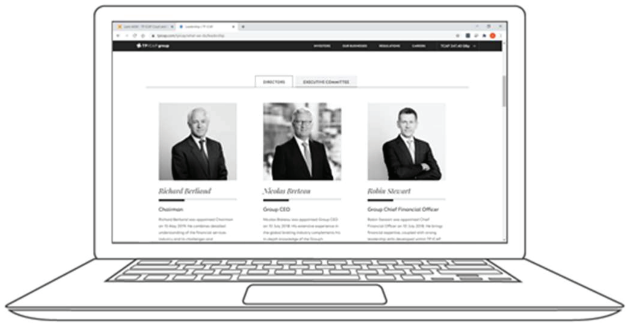




Voting		
Once the voting has opened (which should be around the start of the meeting), the polling icon will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.	To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received. For - Vote received To change your vote, simply select another direction. If you wish to cancel your vote, please press "Cancel".	Once the chairman has opened voting, voting can be performed at any time during the meeting until the chairman closes the voting on the resolutions. At that point your last choice will be submitted. You will still be able to send messages and view the webcast whilst the poll is open.

Questions		Downloads
Any shareholder or appointed proxy attending the meeting is eligible to ask questions. If you would like to ask a question, select the messaging icon. Messages can be submitted at any time during the Q&A session until the Chairman closes the session.	Type your message within the chat box at the bottom of the messaging screen. Once you are happy with your message click the "Send" button. Questions sent via the Lumi AGM online platform will be moderated before being sent to the Chairman. This is to avoid repetition.	Links are present on the "Info" screen. When you click on a link, the selected document will open in your browser. Data usage for streaming the meetings or downloading documents via the AGM platform varies depending on individual use, the specific device being used (Android, iPhone, etc.) and the network connection (3G or 4G). This is at the user's cost.

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