

## PROSPECTUS



### TP ICAP plc

*(incorporated with limited liability in England and Wales with registered number 5807599)*

**£1,000,000,000**

### **Euro Medium Term Note Programme**

Under this £1,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), TP ICAP plc (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined herein under “*Subscription and Sale*”), subject to increase as described in the Programme Agreement.

This document (the “**Prospectus**”) comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Application has been made to the Financial Conduct Authority (the “**FCA**”) in its capacity as competent authority (the “**United Kingdom Listing Authority**”) for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the United Kingdom Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.

References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). This Prospectus shall be used only in connection with issues of Notes which (i) have a minimum specified denomination equal to or greater than €100,000 (or its equivalent in another currency) and (ii) are to be admitted to trading on a regulated market in the European Economic Area.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the “**Final Terms**”) which will be delivered to the United Kingdom Listing Authority and the London Stock Exchange and published on the website of the London Stock Exchange through a regulatory information service.

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and if issued in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “Subscription and Sale”).**

Each Series (as defined herein) of Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). Notes may be issued in definitive form, or may initially be represented by one or more global securities deposited with a common depository or common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system, with interests in such global securities being traded in the relevant clearing system(s).

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.**

Fitch Ratings Limited has assigned a long-term rating of BBB- to the Issuer. Fitch Ratings Limited is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating (which will be disclosed in the applicable Final Terms) will not necessarily be the same as the rating assigned to the Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Arranger*

**BofA Merrill Lynch**

*Dealers*

**BofA Merrill Lynch**

**Lloyds Bank**

**HSBC**

**NatWest Markets**

The date of this Prospectus is 6 January 2017



## IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus and, in relation to each Tranche of Notes, in the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with any supplement hereto, if any, and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on the back page of this Prospectus and any additional Dealer appointed under the Programme (whether generally or in the context of a specific issue of Notes) from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

Prospective investors should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer, the Trustee or any Dealer in that regard. Prospective investors should consider carefully the risks set forth herein under "*Risk Factors*" prior to making investment decisions with respect to the Notes.

No person is or has been authorised by the Issuer, any Dealer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be



considered as a recommendation by the Issuer, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

The information contained in this Prospectus is given as of the date hereof.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

### **ALTERNATIVE PERFORMANCE MEASURES**

Certain alternative performance measures (as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures) ("**Alternative Performance Measures**") are included in this Prospectus. See "*Alternative Performance Measures*" for more information.

### **ACQUISITION OF IGBB AND RELATED DEFINITIONS**

On 30 December 2016, the Issuer completed the acquisition of IGBB (as defined below) by acquiring 100 per cent. of the issued share capital of IGBHL (the "**Completion**"). At the time of Completion, the legal name of the Issuer was Tullett Prebon plc, which was changed to TP ICAP plc following Completion. Certain historic information contained in this Prospectus is presented with respect to Tullett Prebon (as defined below) and IGBB separately. The following defined terms are used in this Prospectus:

"**Acquisition Agreement**" means the conditional sale and purchase agreement between Tullett Prebon plc and ICAP governing the terms and conditions of the Transaction dated 11 November 2015, as amended, restated and novated on 16 August 2016 to, amongst other things, novate the rights and obligations of ICAP under the amended Acquisition Agreement to Nex, effective on the ICAP Scheme becoming effective, and as further amended on 12 October 2016;

"**APAC**" means the Asia Pacific region;

"**Companies Act**" means the Companies Act 2006, as such act may be amended from time to time;

"**Completion**" means completion of the Transaction on 30 December 2016;

"**EMEA**" means Europe, the Middle East and Africa;

"**Group**" means (i) prior to Completion, the Tullett Prebon Group and (ii) following Completion, the TP ICAP Group;



**"ICAP"** means ICAP plc, a company registered in England and Wales with registered number 03611426;

**"ICAP Group Holdings"** mean ICAP Group Holdings plc, a company registered in England and Wales with registered number 06694512;

**"ICAP Scheme"** means the scheme of arrangement under Part 26 of the Companies Act between ICAP and the ICAP shareholders, as set out in a document dated 1 March 2016 containing, among other things, details of the scheme;

**"IGBB"** means ICAP's global broking business, including ICAP's associated technology and broking platforms (including iSwap and Fusion), ICAP's associated information services businesses and certain of ICAP's joint ventures and associates;

**"IGBB Global Broking"** means ICAP's three regionally managed hybrid voice broking businesses in EMEA, the Americas and APAC, including all e-trading products and services developed by ICAP's e-Commerce team (including Fusion);

**"IGBB Information Services"** means information services directly attributable to IGBB Global Broking and iSwap;

**"IGBHL"** means ICAP Global Broking Holdings Limited, a company registered in England and Wales with registered number 09080531, which owned the business of IGBB at Completion;

**"Nex"** means Nex Group plc, a company registered in England and Wales with registered number 10013770 which, pursuant to the ICAP Scheme becoming effective, was introduced as the new listed holding company of the Nex Group;

**"Nex Group"** means, prior to the ICAP Scheme becoming effective, ICAP and its subsidiary undertakings from time to time, or, following the ICAP Scheme becoming effective, Nex and its subsidiary undertakings from time to time;

**"RTSA"** means the reverse transitional services agreement entered into between ICAP Group Holdings and IGBHL on 1 December 2016 (including any amendments from time to time);

**"TP ICAP"** or the **"Issuer"** means TP ICAP plc (formerly Tullett Prebon plc);

**"TP ICAP Group"** means the enlarged group formed on Completion comprising of TP ICAP plc and its subsidiaries from time to time (including IGBB);

**"Transaction"** means the acquisition by Tullett Prebon of IGBB;

**"TSA"** means the transitional services agreement entered into between ICAP Group Holdings and IGBHL on 1 December 2016 (including any amendments from time to time);

**"Tullett Prebon"** means Tullett Prebon plc and/or the Tullett Prebon Group prior to Completion; and

**"Tullett Prebon Group"** means Tullett Prebon plc and its subsidiaries before Completion.



## **FORWARD LOOKING STATEMENTS**

This document and documents incorporated by reference into this document include statements that are, or may be deemed to be “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 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.

Such forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Issuer, 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 Issuer’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 Issuer’s or the 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 the section headed “*Risk Factors*” of this document.

Save as required by applicable law and regulation the Issuer 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 Issuer’s expectations or to reflect events or circumstances after the date of this document.

## **MARKET 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 Issuer’s own knowledge of its sales and markets. The third party data used herein includes the Group’s rankings by Risk Magazine’s annual interdealer rankings, as well as awards by the Inside Market Data Awards.

The Issuer confirms that information sourced from a third party has been accurately reproduced, and as far as the Issuer 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 TP ICAP Group operates and Tullett Prebon’s and IGBB’s positions within those markets have been made based on internal surveys, industry forecasts and market research, as well as TP ICAP’s own



experiences. While these statements are believed by TP ICAP 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.

### **NO INCORPORATION OF WEBSITE INFORMATION**

The contents of the websites of TP ICAP and Nex Group, or any website directly or indirectly linked to either of those websites, do not form part of this document and should not be relied upon.

### **CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this document to:

- **“sterling”, “pounds sterling”, “GBP”, “£” or “pence”** are to the lawful currency of the United Kingdom;
- **“dollars”, “US 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.

The Tullett Prebon Group and the Nex Group have historically prepared their financial statements in pounds sterling and the TP ICAP Group will continue to prepare its financial statements in pounds sterling.



## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions.

The Issuer, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and Japan – see *"Subscription and Sale"*.

Neither the Issuer nor any Dealer or the Trustee have authorised, nor do they authorise, the making of any offer of Notes in circumstances which require the Issuer to publish a prospectus compliant with the Prospectus Directive for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.



Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **STABILISATION**

**In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**



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## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes.*

*There is a wide range of factors which, individually or together, could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. However, the Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes, and it considers that the risks identified below include all the principal risks of an investment in the Notes.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### **RISKS RELATING TO THE GROUP'S BUSINESS**

***The Group is currently operating in challenging market conditions, characterised by relatively short periods of volatility and extended periods of subdued market activity. Domestic or international market factors that reduce activity levels could significantly reduce the Group's revenue***

The Group generates revenue primarily from commissions it earns by facilitating and executing customer orders. These revenue sources are substantially dependent on customer trading volumes. The volume of transactions the Group's customers conduct with it will be directly affected by domestic and international market factors that are beyond the Group's control, including:

- economic, political and market developments;
- broad trends in industry and finance;
- changes in trading patterns in the broader marketplace which depend on customer 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. In general market volatility tends to increase trading activity although in more recent years periods of market volatility have tended to be relatively short;
- legislative and regulatory changes which may generate significant uncertainty and therefore reduced activity by customers pending the outcome of such changes;



- changes in market dynamics or structure as a result of new regulations or a rapid change in the method of broking in one or more products (see “*Changes in market dynamics or structure as a result of new regulations directly or indirectly affecting the Group’s activities or its customers, or a rapid change in the method of broking in one or more products, could significantly harm the Group*” below);
- actions of competitors (see “The markets in which the Group operates are highly competitive and competition could intensify in the future. If the Group is unable to continue to compete effectively for any reason, certain aspects of its business may be materially damaged which could result in lower revenue and loss of reputation” below);
- changes in government monetary policies, with the easing of monetary policy in certain markets resulting in a flattening of yield curves and the dampening of activity in certain asset classes; and
- changes in interest rates, foreign exchange rates and inflation.

Material decreases in trading volumes from period to period may significantly reduce the Group’s reported revenue which can contribute to reduced profit levels and lower retained earnings.

***The Group plans to carry out significant cost improvement and restructuring programmes as part of the integration of the Tullett Prebon Group and IGBB, and may in the future take further significant action to manage its cost base. These actions may involve significant one-off costs, may have a disruptive effect on the Group’s business, and the anticipated benefits of the actions may not be realised in full***

The Issuer, in respect of the Tullett Prebon Group, and ICAP in respect of IGBB, undertook cost improvement and restructuring programmes to manage their respective cost bases, each to support its profitability and as circumstances required it.

The Issuer took a number of steps in 2014 to reduce headcount and other fixed costs. This cost improvement programme involved the exit of 166 front office staff, 51 support and other staff, and the vacating of office space, reducing annual fixed costs by over £45 million. The costs incurred for undertaking these steps was £46.7 million, of which £22.0 million were non-cash charges, including a £3.2 million write down of an employment incentive grant receivable that may not be recoverable due to the reduction in headcount, and was charged as an exceptional item in the Issuer’s income statement for the year ended 31 March 2015.

The Issuer implemented a cost improvement programme towards the end of 2015 focused on reducing headcount in Europe and the Middle East and on restructuring broker contracts in North America to reduce fixed costs and to reduce the level of pay out as a percentage of broking revenue. Front office broking headcount is being reduced by approximately 70 heads representing a reduction of around 7.5 per cent. of the front office headcount in Europe and the Middle East and in North America in Treasury Products, Interest Rate Derivatives and Fixed Income. The cost of the actions taken in 2015 of £25.7 million, of which £4.4 million represents a non-cash write down of amounts previously paid, has been charged as an exceptional item in the income statement included in the Issuer’s 2015 annual financial statements. A further charge of £5.2 million was made in the first half of 2016 relating to actions that will be taken as part of this programme.

In the year ended 31 March 2015, ICAP completed a restructuring programme aimed at focusing and realigning systems, processes and legal entity structures and increasing workforce productivity. The programme covered all of ICAP’s activities but with a particular focus on IGBB Global Broking and Nex Group infrastructure. As a result of the programme, 496 brokers and 244 infrastructure



employees left the Nex Group, which resulted in one-off employee termination costs of £35 million for the Nex Group (including £34 million for IGBB). Office spaces in key regions including London, New York and Singapore were vacated and £18 million of property exit costs for IGBB including onerous lease provisions were charged to the income statement.

The Group plans to carry out significant cost improvement and restructuring programmes as part of the integration of the Tullett Prebon Group and IGBB, and the Group may undertake further cost improvement and restructuring programmes from time to time in the future. Any such future action might involve significant costs, may have a disruptive effect on the Group's business, and may harm the Group's business through its impact on capability or employee morale, and the anticipated benefits of any actions might not be realised in full.

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

The Group's future success depends upon the expertise and continued services of certain key personnel, including personnel involved in the management and development of the business, personnel directly generating revenue, and personnel involved in the management of the control functions, and upon its ability to recruit, train, retain and motivate qualified and highly trained personnel in all areas of the business. In addition, the future success of the Group will, in part, be dependent upon the successful retention of key IGBB personnel. The Group's employment contracts with key personnel generally include minimum notice periods and non-compete provisions and fixed terms with staggered renewal dates, and the Group seeks to ensure that it has appropriate succession plans in place, to lessen the impact of the departure of a key member of personnel or a team of revenue generators.

Nevertheless, the Group's business, its operating results, and its financial condition may be adversely affected by the departure of one or more key members of personnel.

The Group competes with other interdealer brokers for front office personnel and the level of this competition is intense. Such competition may significantly increase front office personnel costs and may result in the loss of capability, customer relationships and expertise through the loss of front office personnel to competitors. The Group may also suffer from predatory actions of competitors aimed at poaching large numbers of brokers. The Group's business, its operating results and its financial condition may be adversely affected due to such competitor activity, which may continue or intensify in the future (see also "*The markets in which the Group operates are highly competitive and competition could intensify in the future. If the Group is unable to continue to compete effectively for any reason, certain aspects of its business may be materially damaged which could result in lower revenue and loss of reputation*" below). If the Group is not able to attract and retain highly skilled employees, or if it incurs increased costs associated with attracting and retaining personnel, or if it fails to assess training needs adequately or deliver appropriate training, this could be substantially detrimental to the Group's ability to compete and would therefore have an adverse effect on its revenue and profitability and could harm its reputation.

The Tullett Prebon Group's ability to recruit, train, retain and motivate personnel and to ensure that employment contract terms are appropriate may be adversely affected as a result of the Transaction and the integration of the Tullett Prebon Group and IGBB.



The Group also faces the risk that any of its employment agreements may contain terms under which it is obliged to make payments to an employee in excess of the benefit to the business of the employee's services. In such cases, the Group's profitability could be adversely affected.

***The Group may not detect, deter or prevent employee misconduct, employee errors or fraudulent activity and may suffer financial loss either directly or as a consequence of damage to its reputation***

The Group maintains controls designed to mitigate a wide range of operational risks. However, these controls will not be able to eliminate the occurrence of these risks. The principal operational risks faced by the Group include:

- **Systems**—Unauthorised use of systems or data leading to loss of data integrity, dissemination of confidential material, introduction of malicious software or the theft of intellectual property (see *"Software or systems failure, loss or disruption of data or data security failures could limit the Group's ability to conduct its operations or impact the Group in other ways"* below).
- **Employee Error**—An employee, whether in the front office or in a control function, fails to carry out properly his assigned role, resulting in significant economic loss or damage to the Group's reputation. Employee errors in the front office may give rise to losses. This could be caused by residual balances (see *"Matched Principal broking and Executing Broker activities and the resultant settlement processes expose the Group to both market risk and liquidity risk that may reduce its liquidity and adversely affect its profitability"* below), incorrect charging of broker commission on Name Passing trades or other broker errors.
- **Fraudulent Transactions**—The Group suffers a loss as a consequence of unauthorised or fraudulent activity.
- **Employee Misconduct**—Misconduct including hiding unauthorised activities from the Group, improper or unauthorised activities on behalf of customers, improper use of confidential information, the use of improper marketing materials, or the inappropriate use of authority or influence by current or former personnel.
- **Settlements**—The unauthorised transfer of funds or the use of incorrect settlement instructions leading to loss.

Should the Group's operational risk controls prove to be inadequate and an operational risk occurs, the Group is likely to be adversely impacted and this could result in significant damage to the Group's reputation, a material financial loss or potential litigation and regulatory sanctions.

The Issuer is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with no commercial rationale or economic purpose, on which brokerage is paid and trades on which brokerage may have been improperly charged. As part of its investigation the FCA is considering the extent to which during the relevant period (i) the Issuer's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Issuer's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is on-going, any potential liability arising from it cannot currently be quantified.



There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in recent years and various investigations have been conducted by the FCA in the United Kingdom, the Commodities Futures Trading Commission ("**CFTC**") in the United States and other regulators around the world, which have resulted in substantial fines being imposed on a number of institutions. In particular, the CFTC and other government agencies have requested information from the Nex Group in relation to the setting of the US dollar segment of a benchmark known as ISDA Fix. ICAP continues to cooperate with the agencies' inquiries into the setting of that rate. ICAP Capital Markets LLC was the collection agent for ISDA Fix panel bank submissions in US dollars, but was not a panel member itself. It is not possible to predict the ultimate outcome of this investigation or to provide an estimate of any potential financial impact.

Subsequently, in September and October 2014, five class actions were filed alleging injury due to purported manipulation of the USD ISDA Fix rate. ICAP Capital Markets LLC is a defendant in those actions along with several ISDA Fix panel banks. The cases were filed in the US District Court in the Southern District of New York and have been consolidated into a single case. The defendants filed a motion to dismiss the complaint for failure to state a claim which was granted in part and denied in part on 28 March 2016. Plaintiffs' antitrust claims remain and a pretrial conference took place on 5 May 2016.

Defendants filed Answers to the Complaint on 24 May 2016 and discovery is in progress.

ICAP Capital Markets LLC, along with a number of banks and Tradeweb Markets LLC, is also a defendant in ten civil lawsuits relating to the interest rates swaps market (eight class actions brought by investors and two cases brought by failed competitors). These actions, all of which have been consolidated in federal court in New York, allege that defendants colluded to prevent buy side customers from accessing the interest rates swaps market on electronic, exchange-like platforms, including the boycott of any platform offering all-to-all trading. The actions generally assert claims of violation of antitrust laws and unjust enrichment. Amended consolidated complaints were filed on 9 September 2016. All defendants filed motions to dismiss for failure to state a claim on 4 November 2016. Under the current schedule, plaintiffs must either amend their complaints or file opposition briefs by 9 December 2016.

It has been agreed that any liability arising as a result of the ISDA Fix investigation, the resulting ISDA Fix litigation, and the interest rate swaps market litigation will be retained by the Nex Group. The Group may nevertheless suffer financial loss either directly or as a consequence of damage to its reputation as a result of these matters.

There are also various ongoing investigations and legal proceedings relating to IGBB. For example on 25 September 2013, ICAP Europe Limited ("**IEL**", a subsidiary of IGBHL) reached settlement agreements with the FCA and the CFTC relating to the involvement of certain brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. Under the terms of the settlements, IEL paid penalties of US\$65 million to the CFTC and £14 million to the FCA.

The Nex Group, continue to co-operate with the government agencies in Europe and in the US in relation to their investigations into the setting of Yen LIBOR. The European Commission announced a Euro 14.9 million fine for the same conduct on 4 February 2015 which currently is the subject of an appeal by ICAP seeking a full annulment of the decision. ICAP was dismissed as a defendant in one set of US civil litigation action against various Yen LIBOR and Euroyen TIBOR setting banks, but was



added as a defendant along with IEL in a second set of litigation. Additionally, the plaintiff in the first litigation has added IEL as a defendant in that action.

Motions to dismiss have been filed by defendants in both actions. ICAP and IEL have also been added as defendants in a fourth amended complaint filed on 13 August 2015 against various EURIBOR setting banks. Motions to dismiss have been filed in that action as well. ICAP and IEL intend to defend these litigations vigorously. ICAP and ICAP Australia Pty LTD ("**IAPL**"), which will be a subsidiary of IGBHL at Completion, were also named as defendants in a new litigation filed on 16 August 2016 against various Bank Bill Swap Reference Rate setting banks. ICAP and IAPL intend to defend the litigation vigorously.

The Group's reputation may also 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 findings, even where the associated fine or penalty is not material. It may also be damaged by association where there is a regulatory investigation into, or an allegation or finding of fraud or other material misconduct which relates to one of its competitors or clients or any of their employees. If the 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. Any involvement of the 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 Group may suffer costs associated with legal action taken to defend its business, employees, rights and assets, including intellectual property, and may be adversely affected if it is not able to protect its rights. The Group may be subject to claims made against it which may result in significant legal costs and settlements***

The Group may take legal action 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. The steps the Group has taken, or may take to protect its contractual, intellectual property and other legal rights may be inadequate. Action taken to defend the Group's contractual, intellectual property and other legal rights may be protracted, involve the expenditure of significant financial and managerial resources, and may ultimately not be successful, which may result in an adverse impact on the Group's financial position.

The Group may also be subject to a claim 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, or from personal injury, diversity or discrimination claims. The 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.

***To remain competitive the Group must continue to develop its business. Failure to do so successfully, including the failure to integrate acquisitions effectively could adversely impact the Group. Failure to realise the benefits of investments in some markets could also affect the Group's profitability. Changes in the risk profile of the Group as a result of developing the business could result in a new or increased exposure to risks that could impact the Group***

The markets in which the Group operates are dynamic and to remain competitive the Group must invest in the development of the business to respond to changes in customer demand for its services. This business development activity may include hiring brokers, opening offices in new



countries, expanding existing offices, providing broking and other services in new product markets, serving different types of customers and undertaking activities through different business models. Such activity may be achieved through the acquisition of businesses or through investment in existing businesses, and may result in changes in the risk profile of the Group. Failure to integrate acquisitions effectively or failure to manage changes in the Group's risk profile appropriately or failure to realise the benefit of investments in some markets may adversely affect the Group's business or result in it failing to achieve anticipated benefits. The acquisition of businesses can also give rise to unforeseen legal, regulatory, contractual, employment or other issues, or significant unexpected liabilities or contingencies.

The nature and size of the Transaction gives rise to particular risks which are discussed in more detail in *"Risks relating to the Transaction"* below.

***The Group may need to replace, upgrade and expand its computer and communications systems in response to technological or market developments***

The Group needs to maintain the computer and communications systems and networks that it currently operates. Its 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 materially harm its business.

Further, the markets in which the Group competes are characterised by rapidly changing technology, evolving customer demand and uses of its services and the emergence of new industry standards and practices that could render its existing technology and systems obsolete. The Group's future success will depend in part on its ability to anticipate and adapt to technological advances, evolving customer demands and changing standards in a timely, cost-efficient and competitive manner and to upgrade and expand its systems accordingly. Any upgrades or expansions in technology and the use of technology may require significant expenditures of funds. In the longer term, the Group may not have sufficient funds to update and expand its systems adequately, and any upgrade or expansion attempts may not be successful and accepted by the marketplace and its customers. Any failure by the Group to update and expand its systems and technology adequately or to adapt its systems and technology to evolving customer demands or emerging industry standards would have a material effect on the Group's ability to compete effectively which could reduce its revenue and profitability.

A particular risk faced by the Group is the development by its competitors of new electronic trade execution or market information products that gain acceptance in the market. These products could give those competitors a "first mover" advantage that may be difficult for the Group to overcome with its own technology.

***Loss of access to its premises or an inability to operate from its facilities could limit the Group's ability to conduct its operations***

The Group's employees operate from premises that provide the necessary facilities and systems to enable them to carry out their roles. The loss of access to these sites or an inability to operate from these sites, due to, for example, loss of power, acts of war or terrorism, human error, natural disasters, fire, or sabotage, could limit the Group's ability to conduct its operations or impact the Group in other ways.

Whilst the Group has disaster recovery sites, and business continuity plans are in place and are regularly tested, these may not cover all activities within the Group. Further, if the Group's business



continuity plans do not operate effectively, they may not be adequate to correct or mitigate the effects of any of the above eventualities. In addition, the business continuity plans or personnel of its third-party service providers may not be adequate to correct or mitigate any of the above eventualities or may not be implemented properly.

***Software or systems failure, loss or disruption of data or data security failures could limit the Group's ability to conduct its operations or impact the Group in other ways***

The Group is heavily dependent on the capacity and reliability of the computer and communications systems supporting its 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. These systems are concentrated at the Group's operating sites and are difficult to replicate.

The performance of these computer and communications systems could deteriorate or fail for any number of reasons. These could include loss of power, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, customer error or misuse, lack of proper maintenance or monitoring, loss of data, data disruption and similar events. If such a degradation or failure were to occur, it could cause, among other things:

- significant disruptions in service to the Group's customers;
- 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 computer systems and facilities on which the Group relies may lead to significant financial losses, litigation or arbitration claims filed by or on behalf of its customers and regulatory sanctions. Any such failure could also have a negative effect on the Group's reputation.

The secure transmission of confidential information over public and private networks is a critical element of the Group's operations. Its networks and those of the third-party service providers and counterparties with whom the Group trades and its customers may be vulnerable to unauthorised access, computer viruses and other security problems, including the Group's inadvertent dissemination of non-public information. The Group's activities also require the recording, storing, manipulation and dissemination of significant amounts of data. Whilst the Group maintains electronic and physical security measures, loss of data integrity could occur.

Any failure by the Group to maintain the confidentiality of information or other data security failures could impact the Group's ability to trade effectively and could result in significant financial losses, litigation by its customers or counterparties and regulatory sanctions as well as adverse reputational effects.

***Matched Principal broking and Executing Broker activities and the resultant settlement processes expose the Group to both market risk and liquidity risk that may reduce its liquidity and adversely affect its profitability***



The Group brokers transactions through three distinct broking models: the Name Passing model (also known as the "Name Give-Up" model); the Matched Principal model; and the Executing Broker model.

The Group's Matched Principal activity, where the Group is the counterparty to both sides of a matching trade, may give rise to limited market risk as a result of the infrequent residual balances which result from the Group's inability to match client orders precisely, or through broker error. Broking illiquid instruments, such as certain emerging markets bonds, may elevate the market risk of any residual balances should they occur. The Group's Executing Broker activity, where the Group executes transactions on certain regulated exchanges in accordance with client orders and then 'gives-up' the trade to the relevant client or its clearing member, also gives rise to limited market risk in the event that the client or its clearing member fails to take up the position traded, or through broker error. When residual balances occur, the Group's policy is to close the unmatched position promptly, whether or not this results in a loss to the Group, reflecting the fact that the Group's risk management policies, and the terms of its licenses, prevent the Group from taking proprietary positions in financial instruments. The Group brokers large value transactions in volatile markets and whilst the Group believes it has robust operational controls errors can occur and can generate losses. Any error which gives rise to a significant loss or a series of such losses could adversely impact the Group's profitability and retained earnings, as well as damaging its reputation.

The Group's Matched Principal and Executing Broker activities also give rise to liquidity risk. The Group uses settlement agents, and central counterparties where appropriate, to effect the settlement of trades. Providers of these facilities generally require cash collateral or margin deposits from the Group and providers can call for increased cash collateral or margin deposits to be made at short notice. Such calls can be driven by volatile market conditions outside the Group's control, operational errors or failures by the Group or a customer, or by the Group's trading with counterparties who are not themselves members of a central counterparty. Additionally, if during the settlement process the Group were to receive the underlying security from a seller but were to find itself unable to deliver the security onto the purchaser, the Group might be required to fund the settlement balances until onward delivery could be effected. This could occur for technical or operational reasons, including due to errors in the delivery instructions. Such matters could have a significant impact on the Group's liquidity, and if the Group is unable to access sufficient liquidity to enable continued clearing and settlement, or fund the posting of collateral and margin deposits, this would severely limit the Group's ability to trade under the Matched Principal and Executing Broker models.

Settlement failures can also give rise to financing charges which may be recoverable from the counterparty, but sometimes are not. In instances where the failure to deliver is prolonged or widespread, there may also be regulatory capital charges required to be taken by the Group which, depending on their size and duration, could limit the Group's flexibility to transact other business, and could adversely affect the Group's profitability and retained earnings.

IGBB has operated, and following Completion continues to operate, within its own broking and operational policies and procedures which may differ from those operated by the Tullett Prebon Group. In addition, IGBB may undertake or may have undertaken activities that the Tullett Prebon Group does not undertake and may execute or may have executed activities in ways that would be prohibited under the Tullett Prebon Group's policies and procedures. The Transition and the transition to common policies and procedures within the Group may give rise to a period of heightened risk in the management and mitigation of the risks arising from Matched Principal broking and Executing Broker activities, which may have an adverse impact on the Group's business,



operations or reputation. See also however *"Description of the Tullett Prebon Group – Principal Strengths – Limited exposure to market and credit risk"*

***Customers and counterparties that owe the Group money, securities or other assets may default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons***

Where the Group brokers on a Matched Principal basis it is exposed to the risk of loss should one of the counterparties to a transaction default prior to the settlement date, requiring the Group to replace the defaulted contract in the market. This is a contingent risk in that the Group will only suffer loss if the market price of the securities has moved adversely to the original trade price. The Group does undertake a limited amount of Matched Principal broking where a counterparty is buying its own securities and in these circumstances in the event of that counterparty defaulting prior to settlement the risk of loss due to movement in the value of the securities is heightened. The Group is also exposed to short term pre-settlement risk where it acts as an Executing Broker during the period between the execution of the trade and the client claiming the trade.

Where the Group brokers on a Matched Principal basis it is exposed to settlement risk where a counterparty defaults on its contractual obligation to deliver securities or cash after the Group has completed its part of the transaction. Unlike pre-settlement risk, this settlement risk exposure is to the full principal value of the transaction. The Group seeks to mitigate this risk by effecting settlement on a delivery-versus-payment basis. However, these procedures and controls do not eliminate settlement risk and defaults may still occur and have a significant impact on the Group's results and financial condition.

Where the Group operates on a Name Passing basis it is exposed to the risk that the client fails to pay the brokerage fee/commissions it is charged. The Group generally invoices customers for its Name Passing activities on a monthly basis. Failure or delay in the process of collecting invoiced receivables also gives rise to liquidity risk to the Group.

The Group is also exposed to counterparty credit risk in respect of cash deposits held with financial institutions. The Group is also exposed to concentration risk in that it may have exposures with a counterparty arising through a number of different activities in a number of different regions and may also have cash deposits with the same counterparty.

The Group seeks to mitigate its credit risk through the adoption of specific credit risk management policies which include the assessment, monitoring and escalation of credit risk exposures by dedicated credit risk management teams. However, these procedures cannot eliminate all defaults, particularly those that may arise from events or circumstances that are difficult to detect or foresee. In addition, reflecting the inter- connected nature of the global financial system, concerns about, or a default by, one institution could lead to significant systemic liquidity problems, including losses or defaults by other institutions.

The Group's profitability and retained earnings may be materially adversely affected in the event of a significant default by any of its customers and counterparties and this could be exacerbated where it has a concentrated exposure to the counterparty or where the default arises from, or gives rise to further losses as a result of, systemic risk.

***The Group requires access to settlement services and other market infrastructure arrangements without which its ability to undertake some or all of its activities would be affected***



The Group uses various market infrastructure arrangements including settlement services, such as Euroclear and Clearstream, Luxembourg and central counterparties, such as the Depository Trust & Clearing Corporation ("**DTCC**"). Loss of access to, or restrictions on the Group's use of, these services, due to non-compliance with membership or participants' requirements, or due to credit or reputational issues, could impact the Group's ability to carry out its activities.

***The Group requires financial liquidity to facilitate its day to day operations. Lack of sufficient liquidity could adversely impact the Group's operations***

The Group requires financial liquidity to facilitate its operations. In addition to significant cash balances, the Group maintains credit facilities provided by the Group's bankers. The Group's existing credit facilities impose certain operating and financial restrictions on the Group, and contain covenants that require the Group to maintain specified financial ratios and satisfy specified financial tests, that may limit how the Group conducts its business. In the medium to longer term, the Group may be unable to renew existing facilities or raise additional financing and the withdrawal, non-renewal or a lack of access to credit facilities, whether as a result of market conditions, general market disruption or a failure by the Group itself, could severely impact the Group's business, results of operations or financial condition.

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

The Group's ability to operate, to attract and retain customers and employees, or to raise appropriate financing or capital may be adversely affected as a result of its reputation becoming damaged. Clients will rely on the Group's integrity and probity. If the Group fails, or appears to fail, to deal promptly and effectively with issues that may give rise to reputational risk, its reputation and in turn its business prospects may be materially harmed. These issues include, but are not limited to:

- appropriately dealing with potential conflicts of interest;
- complying with all applicable legal and regulatory requirements (see "*The Group operates in a regulated environment that imposes significant compliance requirements. Changes in regulations may increase the cost and complexity of doing business, or may disadvantage the Group relative to its competitors. The failure to comply with regulations could subject the Group to sanctions, force it to cease providing certain services, or oblige it to change the scope or nature of its operations*" below and "*The Group may not detect, deter or prevent employee misconduct, employee errors or fraudulent activity and may suffer financial loss either directly or as a consequence of damage to its reputation*" above);
- effectively managing customer relationships and ensuring full communication with customers;
- 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 (see "*Software or systems failure could limit the Group's ability to conduct its operations or impact the Group in other ways*" above);
- properly identifying and managing the legal, reputational, credit, liquidity and market risks inherent in its business, each of which is discussed further in different risk factors above; and



- ensuring full compliance with corporate governance and reporting requirements.

Any failure by the Group to address these or any other issues which could adversely affect its reputation could result in losses of front office personnel and customers, a reduced ability to compete effectively, financial losses and potential litigation and regulatory actions and penalties against the Group.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that (i) the Issuer is unable to comply with its obligations as a company with securities admitted to the Official List of the FCA or (ii) any member of the Group which is a supervised firm regulated by the FCA is unable to comply with its obligations as a supervised firm regulated by the FCA.

***The Group's financial position and results of operations could be adversely affected by changes in interest rates and exchange rates, changes in taxation rates and regimes, failure to comply with tax requirements, and from challenges by tax authorities***

The Group reports its financial results in sterling. However, a significant proportion of the Group's activity is conducted outside the United Kingdom in currencies other than sterling. For the purposes of preparing its consolidated financial statements, the Group converts the results of operations of its subsidiaries which account in other currencies into sterling at period average or period-end rates in accordance with International Financial Reporting Standards ("**IFRS**"). As a result, the Group's reported results of operations will be affected by movements in the exchange rates between sterling and the other currencies in which Group companies operate, and these movements can have a significant impact on the Group's results of operations and financial position. The Group also has an exposure to the effect of movements in foreign exchange rates on its financial assets and liabilities denominated in foreign currencies.

The Group is exposed to interest rate risk in that the rates of interest which it receives on its cash deposits and other interest earning assets may not match the rates which it pays on its borrowings and other interest bearing liabilities and these differences can affect its results of operations in each financial period.

The Group is subject to taxes in the various jurisdictions in which it operates and any failure to comply with all local tax rules and regulations may result in penalties and fines being imposed on the Group. The Group is exposed to changes in taxation rates and regimes which may result in an increased proportion of the Group's profit being paid in taxation, or may result in parts of the Group's activities becoming less profitable or unprofitable through the imposition of higher transaction taxes or indirect taxes borne by the Group or its customers. The Group has exposure to historic tax issues including through businesses that have been acquired, and the Group may be subject to challenge from tax authorities on these or other matters that may result in significant tax payments being required to be made in the future.

In particular, certain IGBB entities have in the past received annual incentive grants from the State of New Jersey ("**NJ State**") in connection with NJ State's Business Employment Incentive Program ("**BEIP**"). BEIP income received by these IGBB entities has been treated as non-taxable by these entities. If a relevant tax authority successfully challenges this treatment, the Group may incur a tax liability in respect of such BEIP income. Whilst Nex has agreed to indemnify the Group in respect of such liability, the Group may nevertheless suffer loss if it is unable to recover amounts under such indemnity. In addition, other tax liabilities may arise in IGBB entities in excess of the amount provided, and the Group may suffer loss if it is unable to recover such amounts under the warranties given by Nex to the Issuer.



***Changes in the Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations***

From time to time, the International Accounting Standards Board (the "IASB") and/or the European Union change the financial accounting and reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and may materially impact how the Group records and reports its financial condition and results of operations. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. By way of example, the IASB has issued amendments to a number of standards which, when endorsed and applicable to the Group, are expected to impact its financial statements. These standards include IFRS 9, which is expected to impact both the measurement and disclosures of financial instruments. IFRS 9 remains to be endorsed by the European Union and as such, it is not yet possible to quantify the precise impact of this amended standard.

The EU-endorsed amendments to IAS 19 "Employee Benefits" have been adopted by the Group from 1 January 2013 with retrospective application to prior periods. The amendments to prior periods change the measurement of various components within the defined benefit pension asset, but do not change the overall value of the Group's retirement benefit asset. The Group adopted IFRS 13 "Fair Value Measurement" from 1 January 2013, which impacts upon the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

The IASB may make other changes to financial accounting and reporting standards that will govern the preparation of the Group's financial statements, which the Group may adopt if determined to be appropriate by its management, or which the Group may be required to adopt. Any such change in the Group's accounting policies or accounting standards could materially affect its reported financial condition and results of operations.

***Changes in judgements, estimates and assumptions made by management in the application of the Group's accounting policies may result in significant changes to the Group's reported financial condition and results of operations***

Accounting policies and methods are fundamental to how the Group will record and report its financial condition and results of operations. In the application of the Group's accounting policies, management must make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements, estimates and assumptions are based on historical experience and other factors that are considered relevant. Judgements, estimates and assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the accounting period in which an estimate is revised. Actual results may differ from these estimates, and revisions to estimates can result in significant changes to the carrying value of assets and liabilities.

The Group's management has identified that significant judgements and estimates are necessary in the application of certain accounting policies. These include:

- ***impairment of goodwill and intangible assets***—the determination as to whether or not goodwill and intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates;



- ***the value of tax related assets and liabilities***—in arriving at the current and deferred tax liability the Group takes account of tax issues that are subject to on-going discussions with the relevant tax authorities. Liabilities are calculated based on management's assessment of relevant information and advice and where outcomes differ from the amounts initially recorded, such differences impact current and deferred tax amounts in the accounting period in which the outcome is determined;
- ***the value of provisions***—provisions are established by the Group based on management's assessment of relevant information and advice available at the time of preparing financial statements. Outcomes are uncertain and dependent on future events and where outcomes differ from management's expectations, differences from the amount initially provided will affect profit or loss in the accounting period in which the outcome is determined;
- ***the value of deferred consideration payable on acquisitions***—consideration for acquisitions that is contingent on future events is recorded at its fair value as at the acquisition date, based on management's assessment of the likelihood of the conditions for payment of that consideration being satisfied. Subsequent changes in the fair value of contingent consideration will be reflected in the Group's profit or loss for the accounting period in which any re-measurement of the fair value of that contingent consideration occurs;
- ***the value of the retirement benefit asset***—the Group's retirement benefit asset is the net of its defined benefit scheme's assets and the related defined benefit obligation. The defined benefit obligation represents the scheme's future liabilities, which are estimated using actuarial and other financial assumptions, discounted to a current value using a discount rate set by reference to market yields on high quality corporate bonds. The value of the defined benefit obligation is sensitive to changes in the actuarial, financial and discount rate assumptions, changes to which would be reflected in other comprehensive income in the period in which the change occurs; and
- ***the value of contingent liabilities***—possible obligations arising from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group. Judgements are also applied in concluding the appropriateness of contingent liabilities disclosure.

Because of the uncertainty surrounding the Group's management's judgements and the estimates pertaining to these matters, the Group may make changes in accounting judgements or estimates that have a significant effect on the reported value of the Group's assets and liabilities and the Group's reported results of operations and financial position.

Whilst the accounting policies adopted by Nex Group for the financial year ended 31 March 2015 and 31 March 2016 were applied in the preparation of the historical financial information of IGGBB incorporated by reference in this Prospectus (and these accounting policies are consistent with those used by Tullett Prebon in its annual financial statements for the year ended 31 December 2015), the judgements, estimates and assumptions made by ICAP's senior management in the application of the ICAP accounting policies to IGGBB may be different to those that would have been made by the Tullett Prebon's senior management. Accordingly, there is a risk that future carrying amounts of assets and liabilities relating to IGGBB may be significantly different to those previously reported.

### ***A United Kingdom exit from the EU could impact the Group's profits***

The Group faces risks associated with the United Kingdom public's vote to leave the European Union in the national referendum held on 23 June 2016. There is currently considerable uncertainty as to the political implementation of that mandate, the nature and timing of such an exit, the risk of contagion in other member states and whether and to what extent this could continue to negatively



impact the United Kingdom and European markets. In addition, because a significant proportion of the regulatory regime applicable to the Group in the United Kingdom and anticipated regulatory reform is derived from European Union directives and regulations, the vote in favour of the United Kingdom exiting the European Union could materially change the regulatory framework applicable to the Group's operations. In addition, a United Kingdom exit from the European Union could result in restrictions on the movement of capital and the mobility of personnel. Any of these risks could result in higher operating costs and could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The result of the referendum does not legally oblige the United Kingdom to exit the European Union, and it is unclear if or when the United Kingdom will formally serve notice to the European Council of its desire to withdraw. The United Kingdom government indicated in October 2016 that it intends to serve notice to leave the European Union under Article 50 of the Treaty on European Union before the end of March 2017. However, a number of separate claims were commenced in the English High Court shortly after the referendum which have been joined and were heard together as *Santos & Miller v Secretary of State for Exiting the European Union* in the English High Court during October 2016. These proceedings have been brought to determine whether it is open to the UK Government to send an Article 50 notice of withdrawal without the approval of Parliament. On 3 November 2016, the High Court delivered its judgment that an Article 50 notice may only be given with the approval of Parliament. The case was subsequently appealed to the Supreme Court and was heard in December 2016. The Supreme Court is expected to deliver its judgment in January 2017. If the Supreme Court were to determine that, as a matter of law, Parliament does need to approve service of the Article 50 notice, there would be continued uncertainty whilst Parliament debates the issue as to whether and when such a notice will be served.

The exit process is unprecedented in European Union history and one that could involve months or years of negotiation to draft and approve a withdrawal agreement in accordance with Article 50 of the Treaty on European Union. Regardless of any eventual timing or terms of the United Kingdom's exit from the European Union, the referendum has created significant political, social and macroeconomic uncertainty on the United Kingdom's and the European Union's economic and political prospects. The exit of the United Kingdom from the European Union, or prolonged periods of uncertainty relating to this possibility, could result in significant macroeconomic deterioration including, but not limited to, further decreases in global stock exchange indices, increased foreign exchange volatility, decreased gross domestic product in the European Union and a downgrade of sovereign credit ratings.

## **RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES**

***Changes in market dynamics or structure as a result of new regulations directly or indirectly affecting the Group's activities or its customers, or a rapid change in the method of broking in one or more products, could significantly harm the Group***

In response to the global financial crisis, regulators worldwide have been adopting 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 financial system and to improve the operation of the world's financial markets. Some 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.



These regulations and reforms may affect the Group's business directly, through their impact on the way in which trading in one or more over-the-counter ("**OTC**") product markets is undertaken which may reduce the role of interdealer brokers as intermediaries in those markets, or through the introduction of requirements and rules to operate as an intermediary which the Group is unable to satisfactorily respond to, and indirectly through their impact on the Group's customers and their willingness and ability to trade.

The new regulations, including the Dodd-Frank Act in the United States, the European Markets Infrastructure Regulation ("**EMIR**"), the Markets in Financial Instruments Directive ("**MiFID**") and the Markets in Financial Instruments Regulations ("**MiFIR**") in Europe, may result in changes in the method of broking in certain product markets, and may create new types of competition between interdealer brokers and other market intermediaries for execution business.

Any inability of the Group to adapt or deliver services that are compliant with the new regulations could significantly adversely affect its competitive position and therefore reduce the revenue and profitability of the Group. To date, the Group has needed to incur certain 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 those regulations may significantly increase the cost base of the Group. There is also a possibility that further regulations and reforms affecting the OTC markets may be introduced that may adversely affect the role of interdealer brokers or may introduce requirements or rules that the Group is unable to meet.

Changing regulation may also impact the activities of the Group's customers, including through increased capital and liquidity requirements, which may cause a reduction in overall trading activity or increased costs in certain markets. This may in turn reduce the Group's revenue.

***The markets in which the Group operates are highly competitive and competition could intensify in the future. If the Group is unable to continue to compete effectively for any reason, certain aspects of its business may be materially damaged which could result in lower revenue and loss of reputation***

The Group has numerous current and prospective competitors, both domestic and international. Some of its competitors and potential competitors may have, in certain markets, larger customer bases, more established name recognition and greater financial, marketing, technology and personnel resources than the Group might have, or may be able to offer services that are disruptive to current market structures and assumptions. These resources may enable them to, among other things:

- develop services similar to the Group or new services that are preferred by the Group's customers;
- provide access to trading in products or a range of products that the Group does not offer;
- provide better execution and lower transaction costs;
- provide new services more quickly and efficiently than the Group can;
- offer better, faster and more reliable technology;
- take greater advantage of new or existing acquisitions, alliances and other opportunities;



- more effectively market, promote and sell their services;
- migrate products more quickly or effectively to electronic platforms which could move trading activity from the Group;
- better leverage their relationships with their customers, including new classes of customer; or
- offer better contractual terms to customers.

In addition, new or existing competitors could gain access to markets or products in which the Group currently enjoys a competitive advantage. Competitors may have a greater ability to offer new services, or existing services to more diverse customers. This may erode the Group's market share. Even if new or existing competitors do not significantly erode the Group's market share, they may offer their services at lower prices, and the Group may then be required to reduce its commissions to remain competitive, which could have a material adverse effect on its profitability.

The Group competes with other interdealer brokers for front office personnel and the level of this competition is intense. Such competition may significantly increase front office personnel costs and may result in the loss of capability, customer relationships and expertise through the loss of front office personnel to competitors. The Group may also suffer from predatory actions of competitors aimed at poaching large numbers of brokers. The Group's business, its operating results and its financial condition may be adversely affected due to such competitor activity, which may continue or intensify in the future.

In addition, consolidation among the Group's customers may cause revenue to be dependent on a smaller number of customers and may result in additional pricing pressure. While no single customer currently accounts for a material part of the Group's total revenue, if the Group's existing customers consolidate and new customers do not generate offsetting volumes of transactions, then the Group's revenue may become concentrated in a smaller number of customers. In that event, the Group's revenue may be dependent on its continued good relationships with those customers to a material extent and any adverse change in those relationships could materially reduce the Group's revenue.

***The Group operates in a regulated environment that imposes significant compliance requirements. Changes in regulations may increase the cost and complexity of doing business, or may disadvantage the Group relative to its competitors. The failure to comply with regulations could subject the Group to sanctions, force it to cease providing certain services, or oblige it to change the scope or nature of its operations***

Regulatory obligations require a significant commitment of resources. The Group's ability to comply with applicable laws, rules and regulations will be largely dependent on its establishment and maintenance of compliance, control and reporting systems, as well as its ability to attract and retain qualified compliance and other risk management personnel. These requirements may require the Group to make changes to its management and support structure that could significantly increase the cost of doing business. Failure to establish and maintain effective compliance and reporting systems or failure to attract and retain personnel who are capable of designing and operating such systems, may increase the risk that the Group could breach applicable laws and regulations, thereby exposing it to the risk of litigation and investigations and possible sanctions by regulatory agencies. These agencies have broad powers to investigate and enforce compliance with applicable rules and regulations and to punish non-compliance, and any investigations or actions by these agencies could adversely affect the Group, both in terms of its reputation, and financially to the extent that



penalties are imposed. Similarly, any failure of commercial management to understand and act upon applicable laws and regulations would present a similar risk.

The Group's lead regulator is the FCA and the Group is required to meet the systems and controls requirements of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended (known as the "**Capital Requirements Directive**" or the "**CRD**"). The FCA adopts a risk-based approach to supervision which it undertakes in various ways, including through the review of prudential returns, visits to the Group and meetings with senior management. In the United States, the Group's activities are primarily regulated by, amongst others, the Financial Industry Regulatory Authority and the Securities and Exchange Commission. Under Title VII of the Dodd-Frank Act, certain activities of the Group relating to OTC derivatives are now regulated by the CFTC. The Group's operations in other countries are subject to relevant local regulatory requirements which may change from time to time.

Any significant changes in regulation, including in particular the changes in regulation in the United Kingdom and the United States discussed above, may result in rules that are more onerous than the existing rules to which the Group is currently subject and the Group may incur significant costs in establishing the necessary systems and procedures, and in training its front office personnel, to enable it to comply with any new regulations to which it becomes subject. In addition, changes in the Group's regulatory environment may disadvantage the Group relative to its competitors operating under different regulatory environments which may reduce the Group's relative competitiveness.

The Group may face significant additional costs as a result of improving its risk management and in managing its culture to reflect developing best practice within the financial markets. The increased burden of responding to regulatory enquiry and supervision may require investment in management and support resource that could also increase costs further.

As a result of the Transaction and the resultant increase in scale and complexity of the Group, the Group may be required to invest further in risk management and operational processes to meet higher regulatory standards.

The compliance requirements imposed by the regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with the Group and are not designed to protect the Group's investors. Consequently, these regulations may serve to limit the Group's flexibility regarding its capital structure. Customer protection and market conduct requirements may also restrict the scope of the Group's activities.

The Group may develop its activities in a way that changes the nature of its customer base or the geographic markets in which it operates and this may increase the Group's regulatory burden and the risk of infringement of rules and regulations.

***The Group is required to maintain capital in excess of minimum levels in each of its regulated entities and in the top holding company. The amount of capital that is required to be held by a particular entity is determined by the relevant regulator, and the Group's capital requirements may increase in the future, which could limit the Group's flexibility regarding its capital structure and its ability to pay dividends. Failure to maintain excesses over the minimum levels of capital could subject the Group to sanctions, or force it to change the scope of its operations***



The current regulatory regimes under which the Group operates require the maintenance of minimum levels of capital in each of its regulated entities. Any changes in the Group's regulatory environment, or the imposition of new or increased regulatory requirements on any of the Group's businesses in the future, could require the Group to increase the capital held in the top holding company of the Group, or in a regulated subsidiary entity.

Each of the Group's regulated entities must hold sufficient capital resources to meet their local regulatory capital requirements. These local regulatory capital requirements are subject to change either through changes to the relevant rules or their application, or through changes to the scale and nature of the underlying business or particular issues affecting the business. For the Group's United Kingdom legal entities regulated by the FCA, the capital resources requirement is the higher of (a) the minimum requirements calculated under Pillar 1 of Basel III plus a scalar and other add-ons imposed by the FCA, and (b) the entity's own assessment of its requirements under the Internal Capital Adequacy Assessment Process ("**ICAAP**"). The level of the scalar and other add-ons imposed by the FCA is subject to change and may increase in the future. An entity's own assessment of its requirements is also subject to change from time to time and may increase in the future.

Further, the EU authorities and the Basel Committee continue to develop their frameworks for prudential regulation of financial institutions and financial stability of the financial system. Some of these developments could ultimately affect the Issuer, the Group and/or one or more regulated entities within the Group. For example, on 23 November 2016, the European Commission announced an additional package of reforms to the EU bank prudential regime under the Capital Requirements Directive, the associated capital requirements regulation and the bank recovery and resolution framework under BRRD (as defined below) (the "**EU Banking Reforms**"). These proposed reforms contain a broad range of measures designed to increase the resilience of EU financial institutions and enhance financial stability, including: binding leverage ratio requirements; binding liquidity requirements; developments of the large exposures framework; changes to the calculation of market and counterparty credit risks; refinement of 'pillar 2' individual capital requirements, including a distinction between pillar 2 'requirements' and 'guidance' and their interaction with combined buffer requirements; and further development of the recovery and resolution framework for failing banks and investment firms. The Basel Committee also continues to work on several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios for systemically important institutions. The measures include revised standardised approaches for credit risk, market risk and operational risk, a set of constraints on the use of internal model approaches for credit risk, including exposure-level, model-parameter floors, a leverage ratio minimum requirement, and aggregate capital floors for banks that use internal models based on the proposed revised standardised approaches.

Whilst there remains considerable uncertainty as to the final calibration and implementation of the Basel Committee proposals and the proposed EU Banking Reforms and the manner in which any of these proposals may ultimately impact the Issuer, the Group and/or regulated entities within the Group, any changes which impose additional capital requirements on the Group or its regulated entities generally, or require the Group or those regulated entities to hold increased capital against certain exposures, may have an impact on the growth and operations of the Group's businesses. Further, any increase in any individual entity's capital requirements may restrict the ability of an entity to distribute its earnings within the Group or may require the Group to inject additional capital into an entity, which may restrict the Issuer's ability to pay interest, principal and dividends, or require the Group to increase its indebtedness.



## **RISKS RELATING TO THE TRANSACTION**

### ***The Transaction may fail to realise anticipated benefits or may exceed the Group's cost expectations***

There can be no guarantee that the Group will realise any or all of the anticipated benefits of the Transaction, either in a timely manner or at all. The value of IGBB is dependent on its revenue, which it generates from commissions it earns by facilitating and executing trades. The level of revenue of IGBB is substantially dependent on customer trading volumes, and IGBB is also reliant on its brokers. A decline in any of these factors may mean that the Group encounters difficulties in achieving the anticipated benefits of the Transaction. In addition, if the Group incurs significant costs in relation to the Transaction, it could also have a material adverse impact on the results of the Group.

It is expected that the Group will incur a number of costs in relation to the Transaction, including post-completion costs and integration costs. The actual costs of the Transaction may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Transaction. In addition, the Issuer will incur legal, accounting and other transaction fees and other costs relating to the Transaction.

### ***The Group's reliance on, and obligations under, transitional services arrangements in respect of IGBB exposes it to potential operational risks***

Following Completion, (i) ICAP Group Holdings continues to provide IGBB with the use of or access to certain resources that have been retained by the Nex Group pursuant to the Acquisition Agreement, and (ii) IGBB continues to provide ICAP Group Holdings with the use of or access to certain resources that have been transferred to IGBB pursuant to the Acquisition Agreement. Details of the Transitional Services Agreements under which these arrangements will be made are set out at "Description of the Issuer and the Group – Description of the Transaction" of this Prospectus.

The Group will be reliant on ICAP Group Holdings for the provision of certain systems and related services for the continued operation of IGBB's business, functions and processes during the integration period following Completion. These systems and services are intended to ensure that IGBB is capable of operating on a standalone basis (where 'standalone basis' means that IGBB does not require additional support services to be provided by the Tullett Prebon Group in order to operate in a manner in which it operated immediately prior to Completion). There can, however, be no assurance that these systems and services will continue to operate as expected, and they may not fulfil their intended purposes or may be damaged or interrupted by unanticipated usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Any interruption to the systems and services provided by ICAP Group Holdings pursuant to the TSA could result in IGBB and, as a result, the Group suffering operational difficulties which, either directly or as a result of the need for further investment in these new services and functions, could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group's success will be dependent upon its ability to integrate the two businesses. There will be numerous challenges associated with the integration, the synergies expected from the Transaction may not be fully achieved and the cash spend necessary to achieve the integration may exceed current estimates. In addition, the integration process will make demands on management time and on other resources which may delay other projects or may restrict the ability of the Group to invest in business development***



The operations of the Tullett Prebon Group and IGBB will be integrated to form the combined operations of the Group over a period that is expected to be two to three years following Completion. To the extent that the Group is unable to integrate efficiently the operations, realise cost reductions, retain qualified personnel or customers, and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations and/or the financial condition of the Group. While TP ICAP believes that the costs and synergies expected to arise from the transaction have been reasonably estimated, unanticipated events or liabilities may arise which result in a delay or reduction in the benefits derived from the transaction, or in costs significantly in excess of those estimated. The integration of the Tullett Prebon Group and IGBB will be supported by a strong management team with experience of large integration processes. However, no assurance can be given that the integration process will deliver all, or substantially all, of the expected benefits or realise such benefits in a timely manner.

The industry in which the Tullett Prebon Group and IGBB operate is competitive, and there is overlapping clientele between brokers both within and between the Tullett Prebon Group and IGBB. In some instances, the Tullett Prebon Group and IGBB may be providing the same (or materially similar) services to the same clients. This overlap could have an adverse effect on the combined revenue of the Tullett Prebon Group and IGBB if clients use alternative providers or seek to reduce commission rates, or if brokers leave the Group to work for competitors, and would therefore, have an adverse effect on the Group's business and results of operations.

The Group may encounter a number of challenges during the integration process. In particular, the Group's management and resources may be diverted from its core business activity due to personnel being required to assist in the integration process. The integration process may lead to an increase in the level of administrative errors. A decline in the service standards of the Group may result in an increase in customer complaints and customer and/or regulatory actions, which may lead to reputational damage and the loss of customers and/or distributions by the Group and have an adverse impact on financial performance and condition. Furthermore, whether as a result of a decision or action taken by a regulator with jurisdiction over the Group's business or otherwise, it may not prove possible to achieve the expected level of synergy benefits on integration of the business of the Tullett Prebon Group and IGBB on time or at all and/or the cost of delivering such benefits may exceed the expected cost.

The Tullett Prebon Group and IGBB have historically operated, and immediately following Completion may continue to operate, separate and different computer and communication systems in separate networks. Part of the integration of the Tullett Prebon Group and IGBB will involve selecting and implementing the appropriate systems, networks and infrastructure to service the Group's operations. Failure to implement this selection and implementation process successfully may materially impact the Group's business or operations.

There will be a significant cash spend required to achieve the integration of the businesses and in revising the current systems and structures of the Group. There is a risk that these costs could exceed current estimates, which would adversely affect the financial benefits of the Transaction.

During the integration period, the Group may not be in a position to invest in developing its business or to acquire or invest in businesses that it might otherwise have sought to acquire. In view of the demands the integration process may have on management time, it may also cause a delay in other projects contemplated prior to Completion by the Tullett Prebon Group and IGBB, respectively.



Under any of these circumstances described above, the business growth opportunities and the synergies anticipated by the Tullett Prebon Group to result from the Transaction may not be achieved as expected, or at all, or may be delayed materially.

To the extent that the Group incurs higher integration costs or achieves lower synergy benefits than expected, its results of operations, financial condition and/or prospects may be adversely affected.

***The Group may face increased financial risks in connection with the Transaction due to its increased level of debt following Completion***

Pursuant to the terms of the Transaction, Tullett Prebon was required to procure the full repayment of a £330 million loan due from IGBHL to ICAP Group Holdings by Completion. The Tullett Prebon Group financed this obligation with drawings made under the Bridge Facility described under "Description of the Issuer and the Group – Description of the Transaction" of this document. As at 31 December 2016, the Group had gross debt of £550 million. Substantially all of this debt financing is short or medium term.

Subject to market conditions, the Group intends to refinance a portion of this debt when it believes it is appropriate to do so. Such refinancing may, in part, be achieved through the issue of Notes under the Programme.

The Group's ability to refinance its short and medium-term indebtedness, or repay such indebtedness when due, will depend in part upon market conditions, and unfavourable conditions could increase costs beyond those anticipated. Such costs could have a material adverse impact on cash flows or its results of operations or both. In addition, an inability to repay or refinance all or a substantial amount of these debt obligations when they become due would have a material adverse effect on the financial condition and results of operations of the Group.

***An impairment of goodwill or other intangible assets could adversely affect the Group's financial condition and results of operations***

Following Completion, a significant portion of the difference between IGBB's net assets at the date of Completion and the allocation of costs of the combination to the assets acquired and the liabilities assumed will be recorded as goodwill. Under IFRS, goodwill and intangible assets with indefinite lives are not amortised but are tested for impairment annually or more often if an event or circumstance indicates that an impairment loss may have been incurred. Other intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives and reviewed for impairment whenever there is an indication of impairment. In particular, if the combination of the Tullett Prebon Group's and IGBB's respective businesses meets with unexpected difficulties, or if the business of the Group does not develop as expected, impairment charges may be incurred in the future which could be significant and which could have an adverse effect on the Group's results of operations and financial condition.

***The Group may suffer reputational or financial losses arising from historical issues arising in IGBB, including those that have not been disclosed to the Issuer, or Nex may be unable to fulfil its obligation to indemnify the Group for any liability arising as a result of the implementation of an intra-group reorganisation of Nex or in respect of specific regulatory investigations or litigation, including ISDA Fix***

Under the terms of the Acquisition Agreement, the Group is protected against liabilities arising in the IGBB business relating to incidents that occurred and certain activities historically undertaken by



IGBB prior to Completion by specific indemnities (including in respect of claims against IGBB entities in relation to any injury caused as a result of any action or conspiracy to manipulate or fix USD LIBOR, EURIBOR, Yen LIBOR and certain other claims) and general warranties given by Nex. Nevertheless, the Group may still suffer reputational or financial loss arising from these issues arising in IGBB prior to Completion. In addition, IGBB may have historical issues of which the Issuer is currently unaware which, whether or not covered by the specific indemnities or general warranties given by Nex pursuant to the terms of the Acquisition Agreement, may adversely affect the reputation of the Group.

The Group has the benefit of an indemnity against liabilities, including any tax liabilities, arising in IGBB following Completion as a result of the implementation of any step of an intra-group reorganisation of ICAP (pursuant to which IGBHL became the holding company of IGBB) to take place prior to Completion, and in respect of any step of that reorganisation being unlawful at the time it was carried out.

The Group has the benefit of an indemnity from Nex to the Issuer in respect of any residual liability of any member of the Group arising under the on-going ISDA Fix investigation being conducted in respect of the Nex Group. Although it is intended that any liability arising as a result of such ISDA Fix investigation or the resulting litigation or class actions will be retained by the Nex Group, there can be no assurance that a competent court or regulator will not apply any such liability to IGBB's business or operations.

The Group has the benefit of an indemnity from Nex to the Issuer for losses incurred arising out of or based upon, whether directly or indirectly, the Nex Group's London-based oil desks (with key staff) responsible for providing brokerage services to customers based in Europe, the Middle East and Africa (the "**ICAP Oil Business**") and the transfer of the ICAP Oil Business, including without limitation any act, omission, breach or default of any party in relation to any employees transferred pursuant to, or otherwise affected by, the transfer of the ICAP Oil Business in any jurisdiction and any failure by any party to comply with the Transfer of Undertakings (Protection of Employment) Regulations 2006 or other employment legislation in any jurisdiction.

Although TP ICAP has the benefit of specific indemnities and general warranties which Nex has agreed to provide against certain liabilities, Nex may be unable to fulfil its obligations in full under those indemnities or warranties if it lacks sufficient financial or capital resources to do so, which could have an adverse effect on the Group's business, results of operations or financial condition.

#### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

##### ***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise



substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the Issuer's other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount or premium from their principal amount may fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Risks related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

#### ***The Notes are not protected by the Financial Services Compensation Scheme***

Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (the "FSCS"). As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent or otherwise unable to meet all its obligations under the Notes, Noteholders may lose all or part of their investment in the Notes.

#### ***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, or otherwise to pass resolutions in writing or through electronic voting procedures. These provisions permit defined majorities to bind all Noteholders,



including Noteholders who did not attend the relevant meeting or, as the case may be, who did not vote or who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interest of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15.

***The value of any Notes and/or the rights of Noteholders may be affected by the application of powers under the Banking Act***

Under the UK Banking Act 2009, as amended (the “**Banking Act**”), substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority and the Prudential Regulation Authority (together, the “**Authorities**”) as part of a special resolution regime (the “**SRR**”). The Banking Act reflects the UK implementation of the resolution regime established in the EU under Directive 2014/59/EU, known as the “**Bank Recovery and Resolution Directive**” or “**BRRD**”.

The powers can be exercised by the Authorities in respect of UK banks, building societies, investment firms and recognised central counterparties and, in certain cases, related group companies (each a “**relevant entity**”) in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (for example, if it is necessary to protect and enhance the stability of the UK financial system). These powers are extensive, and enable the Authorities, in certain circumstances, (amongst other things) to permanently write down or write off entirely certain liabilities or convert such liabilities to equity (referred to as ‘bail-in’), to modify terms of liabilities (which could include, without limitation, varying the maturity thereof) and/or to require the mandatory transfer of certain assets and liabilities. The Authorities have broad discretion to determine when it may be necessary to employ such powers, and which of the powers available to them are to be utilised in resolving any given firm. Public financial support (if any) would only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

Whilst the Issuer believes that neither the Issuer itself nor the Group on a consolidated basis are presently subject to the SRR, certain members of the Group are subject to the resolution powers on a solo basis under the Banking Act and have prepared resolution packs which have been submitted to the Financial Conduct Authority. In addition, the Issuer has complied, on a voluntary basis, with a request from the Financial Conduct Authority to submit a recovery plan (but not a resolution pack) for the Group. If the Issuer and/or the Group were to be or become subject to the resolution regime under the Banking Act, this could have a material adverse impact on the rights of holders of Notes and/or the market price of any Notes.

As at the date of this Prospectus, the Authorities have not exercised any powers under the Banking Act in respect of any member of the Group and there has been no indication that they will do so. However, any action taken by the Authorities in respect of any member of the Group could result in investors in the Notes losing all or some (which may be substantially all) of their investment, including (but not limited to) if (i) assets are transferred out of the Group, or if any payments to the Issuer by any of its subsidiaries are restricted, which may affect the Issuer’s ability to make payments in respect of any Notes and/or (ii) if any Notes were to be written down or converted to equity, transferred away from investors or modified. Further, the use of any Banking Act powers (or any



stated intention or any expectation that the powers will or may be used, whether or not such powers are ultimately used) in respect of any member of the Group or any securities issued by any member of the Group could result in a material deterioration in the market price of Notes or could reduce liquidity or increase volatility in any trading in any Notes, with the effect that holders of any Notes may be unable to sell their Notes at a favourable price (or at all).

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Reliance on Euroclear and Clearstream, Luxembourg (or alternative clearing system) procedures***

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg (or an alternative clearing system) (see "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each relevant clearing system and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its



participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid, which could also result in increased price volatility for the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The market price of any Notes may be affected by a range of factors, including (without limitation) any deterioration or perceived deterioration in the credit standing of the Issuer (including in the event of changes in any ratings assigned to the Issuer or the Notes by a credit rating agency), movements in currency exchange rates and other macro-economic factors.

### ***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.



***Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes***

One or more independent credit rating agencies may assign credit ratings to the Issuer and/or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.



## OVERVIEW OF THE PROGRAMME

***The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Prospectus or a new Prospectus will be published.***

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the "**Prospectus Regulation**").

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

**Issuer:** TP ICAP plc (formerly known as Tullett Prebon plc) (the "**Issuer**" and, together with its consolidated subsidiaries, the "**Group**").

**Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" and include risks relating to the Group's business, risks relating to the industry in which the Group operates and risks relating to the Transaction. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

**Description:** Euro Medium Term Note Programme

**Arranger:** Merrill Lynch International

**Dealers:** HSBC Bank plc

Lloyds Bank plc

Merrill Lynch International

The Royal Bank of Scotland plc (trading as NatWest Markets)

and any other Dealers as may be appointed in accordance with the Programme Agreement from time to time.

**Certain Restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including, at the date of this Prospectus, in the United



States, the United Kingdom and Japan.

***Notes having a maturity of less than one year***

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000, as amended, unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

<b>Trustee:</b>	U.S. Bank Trustees Limited.
<b>Issuing and Principal Paying Agent:</b>	Elavon Financial Services DAC, U.K. Branch
<b>Programme Size:</b>	Up to £1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Notes may be denominated in Sterling, euro, U.S. dollars, Japanese yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
<b>Maturities:</b>	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in either bearer or registered form as described in " <i>Form of the Notes</i> ". Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.



**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the minimum denomination of each Note will be no less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or, if applicable, such higher amount as may be required at the time of issue by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (in



which regard, see also "*Certain Restrictions - Notes having a maturity of less than one year*" above).

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as further described in Condition 4.

**Cross Default:**

The terms of the Notes will contain a cross acceleration provision as further described in Condition 10.1(iii).

**Status of the Notes:**

The Notes and any relative Coupons will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

**Rating:**

Fitch Ratings Limited has assigned a long-term rating of BBB- to the Issuer. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated upon issue, such rating (which will be disclosed in the applicable Final Terms) will not necessarily be the same as the rating assigned to the Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing:**

Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further regulated markets in the European Economic Area as agreed between the Issuer and the relevant Dealer in relation to the Series.

The applicable Final Terms will state on which stock exchanges and/or markets the relevant Notes are to be listed and/or admitted to trading.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom and Japan and such



other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see *"Subscription and Sale"*.

**United States Selling  
Restrictions:**

Regulation S, Category 2. TEFRA C, TEFRA D or TEFRA not applicable (as specified in the applicable Final Terms).



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the FCA shall be incorporated in, and form part of, this Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements of the Issuer for the two financial years ended 31 December 2014 and 31 December 2015, respectively, comprising the information set out at the following pages of the Annual Report 2014 and Annual Report 2015, respectively:

	<b>Annual Report 2014</b>	<b>Annual Report 2015</b>
Audit Report.....	Pages 50-54	Pages 54-57
Consolidated Income Statement.....	Page 55	Page 58
Consolidated Statement of Comprehensive Income .....	Page 56	Page 59
Consolidated Balance Sheet.....	Page 57	Page 60
Consolidated Statement of Changes in Equity.....	Page 58	Page 61
Consolidated Cash Flow Statement .....	Page 59	Page 62
Accounting Principles and Notes.....	Pages 60 to 103	Pages 63 to 103

- (b) the unaudited interim consolidated financial statements for the six months ended 30 June 2016 of the Issuer, comprising the information set out at the following pages of the Issuer's *"Financial and Interim Management Report for the six months ended 30 June 2016"*:

	<b>Interim Management Report 2016</b>
Condensed Consolidated Income Statement .....	Pages 18-19
Condensed Consolidated Statement of Comprehensive Income .....	Page 20
Condensed Consolidated Balance Sheet .....	Page 21
Condensed Consolidated Statement of Changes in Equity .....	Page 22
Consolidated Cash Flow Statement .....	Page 23
Accounting Principles and Notes.....	Pages 24 to 31



- (c) the following financial information for the years ended 31 March 2015 and 31 March 2016 with respect to IGBB set out in Part III (*Historical Financial Information of IGBB*) of the Tullett Prebon plc's Supplementary Prospectus dated 16 May 2016 (the "**May 2016 Supplementary Prospectus**") relating to the proposed acquisition by Tullett Prebon plc of ICAP's global hybrid voice broking and information business:

**May 2016  
Supplementary  
Prospectus**

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Accountant's Report (save for the section entitled " <i>Declaration</i> " therein and for the words " <i>and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided</i> " in the section entitled " <i>Responsibilities</i> ").....	Pages 8-9
Combined income statements for the years ended 31 March 2016 and 2015.....	Page 10
Combined statement of other comprehensive income for the years ended 31 March 2016 and 2015 .....	Page 11
Combined balance sheet as at 31 March 2016 and 2015 .....	Page 12
Combined statement of changes in invested capital for the years ended 31 March 2016 and 2015 .....	Page 13
Combined statement of cash flows for the years ended 31 March 2016 and 2015 .....	Page 14
Notes to the combined financial information.....	Pages 15-40

- (d) the information with respect to IGBB set out in Part VI (*Update to Information Relating to IGBB*) on pages 46 and 47 of the May 2016 Supplementary Prospectus;
- (e) the following financial information for the six months ended 30 September 2016 with respect to IGBB set out on the following pages of Note 4 (*Discontinued operations and held for sale assets and liabilities*) of ICAP's "*Half year results for the six months ended 30 September 2016*":

**ICAP Half year  
results for the six  
months ended 30  
September 2016**

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Results of operations.....	Page 30
Breakdown of assets held for sale .....	Page 31
Accountants' Independent review report of ICAP plc .....	Pages 38 to 39

- (f) the section entitled 'Q3 Trading Update' from the Issuer's Interim Trading Update published on 4 November 2016 for the period from 1 July 2016 to 30 September 2016;



- (g) the section entitled "Part XIX - *Unaudited Pro Forma Financial Information of the Enlarged Tullett Prebon Group*" of Tullett Prebon plc's Prospectus dated 1 March 2016 (the "**2016 Equity Prospectus**") relating to the Transaction, including the italicised introductory wording and the information set out at the following pages:

**2016 Equity  
Prospectus**

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Unaudited Pro Forma Income Statement (including the notes thereto) .....	Pages 141 to 142
Unaudited Pro Forma Statement of Net Assets (including the notes thereto) .....	Page 142 to 143
Accountants' Report on the Unaudited Pro Forma Financial Information on the Enlarged Tullett Prebon Group (save for the section entitled " <i>Declaration</i> " therein and for the words " <i>Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided,</i> " in the section entitled " <i>Responsibilities</i> ") .....	Pages 144 to 145

save that references to "the Company's 2015 Preliminary Results" in Note 1 to each of the Unaudited Pro Forma Income Statement and Unaudited Pro Forma Statement of Net Assets should be taken to refer to "the Issuer's Annual Report 2015" and references to the "Enlarged Tullett Prebon Group" should be taken to refer to the TP ICAP Group; and

- (h) the announcement entitled "*Pre Close Statement*" made by the Issuer on 6 January 2017 in respect of the revenues of the Tullett Prebon Group for the financial year ended 31 December 2016.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the United Kingdom Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Paying Agent for the time being in London.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.



## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **"Temporary Bearer Global Note"**) or, if so specified in the applicable Final Terms, a permanent global note (a **"Permanent Bearer Global Note"**) and, together with a Temporary Bearer Global Note, each a **"Bearer Global Note"**) which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (**"NGN"**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **"Common Safekeeper"**) for Euroclear Bank SA/NV (**"Euroclear"**) and Clearstream Banking S.A. (**"Clearstream, Luxembourg"**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **"Common Depositary"**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **"Exchange Date"**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice given at any time from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an



interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. **"Exchange Event"** means that:

- (i) an Event of Default (as defined in Condition 10) has occurred and is continuing;
- (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available; or
- (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the relevant Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg, as the case may be, on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

In respect of Notes represented by a Bearer Global Note issued in NGN form, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by



Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

## **Registered Notes**

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a “**Registered Global Note**”, and the term “**Global Note**” herein shall mean a Bearer Global Note or a Registered Global Note as the context admits).

Registered Global Notes will be deposited with a common depository or, if the Notes are intended to be held under the New Safekeeping Structure (“**NSS**”), a common safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper. Persons holding beneficial interests in Registered Global Notes will be entitled, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.5) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

## **General**

Notes which are represented by one or more Global Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). Prior to expiry of the distribution compliance period (as



defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Prospectus or a supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer has entered into an agreement with Euroclear and Clearstream, Luxembourg (the "**ICSDs**") in respect of any Bearer Global Notes issued in NGN form or any Registered Global Notes to be held under the NSS, that the Issuer may request be made eligible for settlement with the ICSDs (the "**ICSD Agreement**"). The ICSD Agreement sets out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

The Issuer will procure that, at the time of issue of each Tranche of Notes, the ICSDs are notified whether or not such Notes are intended to be held in a manner which would allow Eurosystem eligibility. Such notification will confirm whether the Notes are to be issued in NGN form (in the case of Bearer Notes) or whether the Notes are to be held under the NSS (in the case of Registered Notes). The fact that Notes are intended to be held in a manner which would allow Eurosystem eligibility simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper (and, in the case of Registered Notes, registered in the name of a nominee of one of the ICSDs acting as common safekeeper) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

If, in respect of any Tranche of Notes, the applicable Final Terms specifies that the Global Note may be exchanged for definitive Notes in circumstances other than upon the occurrence of an Exchange Event, such Notes will be issued with only one Specified Denomination or all Specified Denominations of such Notes will be an integral multiple of the lowest Specified Denomination, as specified in the applicable Final Terms.



## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

*[Date]*

**TP ICAP plc**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the £1,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [ ] [and the supplement[s] to it dated [ ] [and [ ]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Prospectus**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange ([www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html)).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the Conditions) set forth in the Prospectus dated [ ] [and the supplement to it dated [ ]]] which are incorporated by reference in the Prospectus dated [ ]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [ ] [and the supplement[s] to it dated [ ] [and [ ]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Prospectus**”), including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange ([www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html)).]

- |           |  |  |
|-----------|--|--|
| <b>1.</b> | (a) Series Number:   | [ ]  |
|           | (b) Tranche Number:  | [ ]  |
|           | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [ ]][Not Applicable] |



2. Specified Currency or Currencies: [   ]
3. Aggregate Nominal Amount: [   ]
- (a) Series: [   ]
- (b) Tranche: [   ]
4. Issue Price: [   ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [   ]]
5. (a) Specified Denominations: [   ]
- (b) Calculation Amount: [   ]
6. (a) Issue Date: [   ]
- (b) Interest Commencement Date: [   ]/Issue Date/Not Applicable]
7. Maturity Date: [   ]  
[Interest Payment Date falling in or nearest to  
[   ]]
8. Interest Basis: [[   ] per cent. Fixed Rate]  
[[   ] month [LIBOR/EURIBOR] +/- [   ] per cent.  
Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
9. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early  
redemption, the Notes will be redeemed on the  
Maturity Date at [   ] per cent. of their nominal  
amount
10. Change of Interest Basis: [   ] [Not Applicable]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
12. (a) Status of the Notes: Senior
- (b) Date of Board/Committee approval  
for issuance of Notes obtained: The Issuer has authorised the issue of the Notes at  
a meeting of the Board of Directors held on [   ]  
[and a meeting of a duly authorised Committee of  
the Board of Directors held on [   ]]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions [Applicable/Not Applicable]



- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to (and including) the Maturity Date
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (d) Broken Amount(s) [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (e) Day Count Fraction: [30/360]  
[Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]
- 14. Floating Rate Note Provisions** [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below][, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ][Not Applicable]
- (f) Screen Rate Determination:
- Reference Rate and Relevant Reference Rate: [ ] month [LIBOR/EURIBOR]  
Financial Centre: Relevant Financial Centre: [London/Brussels/  
[ ]]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]



(g) ISDA Determination:

- Floating Rate Option: [   ]
- Designated Maturity: [   ]
- Reset Date: [   ]

(h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

(i) Margin(s): [+/-] [   ] per cent. per annum

(j) Minimum Rate of Interest: [[   ] per cent. per annum/Not Applicable]

(k) Maximum Rate of Interest: [[   ] per cent. per annum/Not Applicable]

(l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)]

**15.** Zero Coupon Note Provisions [Applicable/Not Applicable]

(a) Accrual Yield: [   ] per cent. per annum

(b) Reference Price: [   ]

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

## **PROVISIONS RELATING TO REDEMPTION**

**16.** Notice periods for Condition 7.2: Minimum period: [30][   ] days  
Maximum period: [60][   ] days

**17.** Issuer Call: [Applicable/Not Applicable]

(a) Optional Redemption Date(s): [   ]

(b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[   ] per Calculation Amount][Make Whole Redemption Price (specified below)]

(i) Make Whole Redemption Price: [Spens Amount][Make Whole Redemption



- Amount][Not Applicable]
- (ii) Redemption Margin: [ ] / [Not Applicable]
- (iii) Reference Bond: [ ] / [Not Applicable]
- (iv) Quotation Time: [ ] / [Not Applicable]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (d) Notice periods: Minimum period: [15][ ] days  
Maximum period: [30][ ] days
- 18.** Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount
- (c) Notice periods: Minimum period: [15][ ] days  
Maximum period: [30][ ] days
- 19.** Final Redemption Amount: [ ] per Calculation Amount
- 20.** Early Redemption Amount payable on redemption for taxation reasons or on event of default: [ ] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### **21.** Form of Notes:

- (a) Form: [Bearer Notes:]

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]



[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Registered Notes:]

[Registered Global Note ([ ] nominal amount) registered in the name of a nominee for a common [depository/safekeeper] for Euroclear and Clearstream, Luxembourg]

(b) New Global Note: [Yes][No]

**22.**

Additional Financial Centre(s): [Not Applicable/[ ]]

**23.**

Talons for future Coupons to be [Yes, as the Notes have more than 27 coupon attached to Definitive Notes in bearer payments, Talons may be required if, on exchange form: into definitive form, more than 27 coupon payments are still to be made/No]

### **Third Party Information**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **TP ICAP plc:**

By: .....

*Duly authorised*



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the London Stock Exchange and to be listed on the Official List of the United Kingdom Listing Authority with effect from [ ].]
- (ii) Estimate of total expenses related [ ] to admissions to trading:

### 2. RATINGS

Ratings: [The Notes to be issued [are not/have been/are expected to be] specifically rated [ ] by [ ].]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers][ ] (the "**Manager[s]**") as discussed under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business][So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [ ]]

### 4. YIELD (Fixed Rate Notes only)

Indication of yield: The yield in respect of this issue of Fixed Rate Notes is [ ].

The yield is calculated at the Issue Date on the basis of the Issue Price, using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r} (1 - (1 + r)^{-n}) + A(1 + r)^{-n}$$

Where:

"P" is the Issue Price of the Notes;

"C" is the annualised Interest Amount;

"A" is the principal amount of Notes due on redemption;

"n" is time to maturity in years; and

"r" is the annualised yield.



**5 [HISTORIC INTEREST RATES (Floating Rate Notes only)**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

**6. OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[ ]]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of [ ] additional Agent(s) (if any):

**7. DISTRIBUTION**

(i) If syndicated, names of Managers: [Not Applicable/[ ]]

(ii) If non-syndicated, name of [Not Applicable/[ ]]  
relevant Dealer:

**8. U.S. SELLING RESTRICTIONS**

U.S. Selling Restrictions: [Regulation S Compliance Category 2; TEFRA D/  
TEFRA C/TEFRA not applicable]



## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and incorporated by reference into, or endorsed on, each definitive Note. These Terms and Conditions must be read together with the applicable Final Terms in relation to the relevant Tranche of Notes, which will be endorsed upon, or attached to, each Global Note and definitive Note.*

This Note is one of a Series (as defined below) of Notes issued by TP ICAP plc (the “**Issuer**”) constituted by a Trust Deed originally dated 15 November 2012 as the same may have been, or may be, modified and/or supplemented and/or restated from time to time in respect of this Note (the “**Trust Deed**”) made between the Issuer and U.S. Bank Trustees Limited (the “**Trustee**”, which expression shall include any successor as Trustee).

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement originally dated 15 November 2012 as the same may have been, or may be, amended and/or supplemented and/or restated from time to time in respect of the Notes (the “**Agency Agreement**”) made between the Issuer, the Trustee, Elavon Financial Services DAC, U.K. Branch as issuing and principal paying agent and a transfer agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and Elavon Financial Services DAC as registrar (the “**Registrar**”, which expression shall include any successor registrar), a paying agent and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents, and the Transfer Agents and Paying Agents together, the “**Agents**”).

Interest bearing definitive Bearer Notes have interest coupons (“**Coupons**”) and, in the case of definitive Bearer Notes issued at a time when there are more than 27 interest payments remaining, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”). References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.



The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered (the “**Noteholders**”, and the expression “**holder of Notes**” shall be construed accordingly) and shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee being, at 6 January 2017, at Fifth Floor, 125 Old Broad Street, London EC2N 1AR and at the specified office of the Principal Paying Agent. Noteholders must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denomination(s) (the “**Specified Denomination(s)**”) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.



Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with



the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

## **2.2 Transfers of Registered Notes in definitive form**

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

## **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, neither the Issuer nor the Registrar shall be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

## **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **3. STATUS**

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally



with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

#### **4. NEGATIVE PLEDGE**

##### **4.1 Negative pledge**

So long as any Note remains outstanding (as defined in the Trust Deed), 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 its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness of the Issuer or any Material Subsidiary without (i) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

##### **4.2 Restriction on scope of negative pledge**

Condition 4.1 does not apply to any Security Interest on an asset, or an asset of any person, acquired by a member of the Group after the Issue Date but only for the period of 6 months from the date of such acquisition and to the extent that the principal amount secured by that Security Interest has not been incurred or increased in contemplation of, or since, the acquisition.

##### **4.3 Definitions**

In these Conditions:

**"Group"** means the Issuer and its Subsidiaries and Subsidiary undertakings and, where the context requires, its associated undertakings;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;



- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; and
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days.

**"Material Subsidiary"** means, at any time, a Subsidiary of the Issuer whose gross assets or turnover (unconsolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 15 per cent. of the consolidated gross assets or turnover of the Issuer and its Subsidiaries, all as calculated respectively by reference to the then latest audited accounts (unconsolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries.

A report by two directors of the Issuer addressed to the Trustee that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Relevant Indebtedness"** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other similar instrument which is listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

## 5. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.



## 5.1 Interest on Fixed Rate Notes

This Condition 5.1 applies to Fixed Rate Notes only.

The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify, as applicable, the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 5:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:



- (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 5.2 Interest on Floating Rate Notes

This Condition 5.2 applies to Floating Rate Notes only.

The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify, as applicable, any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination



applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Principal Paying Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **"Interest Period"** (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or



- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET 2 System) specified in the applicable Final Terms;
- (b) if TARGET 2 System is specified as an Additional Business Centre in the applicable Final Terms a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the "**TARGET 2 System**") is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro-zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.



For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR or, if applicable, such other Relevant Financial Centre time as specified in the applicable Final Terms) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**



The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:



**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Interest Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Interest Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$



where:

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative



arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Determination or Calculation by Trustee**

If for any reason at any relevant time the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee (or an agent on its behalf) shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(h) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or, if applicable, the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Trustee, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

### **5.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

## **6. PAYMENTS**

### **6.1 Method of payment**

Subject as provided below:



- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments where the Specified Currency is euro will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred).

## **6.2 Payments subject to fiscal and other laws**

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. Any amounts withheld or deducted in accordance with (ii) will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction, whether pursuant to Condition 8 or otherwise, by the Issuer, any Paying Agent or any other person.

## **6.3 Presentation of definitive Bearer Notes and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America, including the States and the District of Columbia and its possessions).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.



Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

#### **6.4 Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

#### **6.5 Payments in respect of Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland,



respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.6 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.



## 6.7 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre (other than TARGET 2 System) specified in the applicable Final Terms;
  - (iii) if TARGET 2 System is specified as an Additional Financial Centre in the applicable Final Terms a day on which the TARGET 2 System is open; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

## 6.8 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest



under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **7.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (to make available at its specified office to Noteholders for viewing) (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above without liability to anyone for so doing, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.



Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

This Condition 7.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons as provided under Condition 7.2), such option being referred to as an “**Issuer Call**”. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 7.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify, as applicable, the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified in the applicable Final Terms as being applicable, the Issuer may, having given:

- (a) not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days (or such shorter notice as such party shall accept) before the giving of the notice referred to in (a) above, notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) specified in the applicable Final Terms.

If the Optional Redemption Amount is specified in the applicable Final Terms as being “Make Whole Redemption Price” then:

- (x) if “Spens Amount” is specified in the applicable Final Terms, the Make Whole Redemption Price shall be an amount determined by the Determination Agent to be equal to the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee (in writing) by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Determination Agent; and
- (y) if “Make Whole Redemption Amount” is specified in the applicable Final Terms, the Make Whole Redemption Price shall be an amount determined by the Determination Agent to be equal to the higher of (i) 100 per cent. of the nominal amount



outstanding of the Notes to be redeemed and (ii) the sum of the then present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin, all as determined by the Determination Agent.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

In this Condition 7.3:

"**Determination Agent**" means an investment bank, independent adviser or financial institution of recognised standing selected by the Issuer after consultation with the Trustee;

"**FA Selected Bond**" means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

"**Gross Redemption Yield**" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; "Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998) as the same may be amended or updated from time to time, on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Issuer following consultation with an investment bank or other financial institution or independent adviser determined to be appropriate by the Issuer (which, for the avoidance of doubt, may be the Determination Agent);



the **"Redemption Margin"** shall be as set out in the applicable Final Terms;

the **"Reference Bond"** shall be as set out in the applicable Final Terms or, if not so specified therein or if the Reference Bond specified therein is no longer outstanding on the relevant Reference Date, the FA Selected Bond;

**"Reference Bond Price"** means, with respect to any relevant Reference Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reference Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**"Reference Bond Rate"** means, with respect to any relevant Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such relevant Reference Date;

the **"Reference Date"** will be set out in the relevant notice of redemption;

**"Reference Government Bond Dealer"** means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**"Reference Government Bond Dealer Quotations"** means, with respect to each Reference Government Bond Dealer and any relevant Optional Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

**"Remaining Term Interest"** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Maturity Date determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date.

#### **7.4 Redemption at the option of the Noteholders (Investor Put)**

This Condition 7.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an **"Investor Put"**. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 7.4 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified in the applicable Final Terms as being applicable, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to



(but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their Specified Denomination.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

## 7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10:

- (i) each Note which is not a Zero Coupon Note will be redeemed at the Early Redemption Amount specified in the applicable Final Terms or, if no such amount is specified, at its nominal amount; or
- (ii) each Note which is a Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price;



**"AY"** means the Accrual Yield expressed as a decimal; and

**"y"** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.6 Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

## **7.7 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## **7.8 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the



Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in the United Kingdom; or
- (ii) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.7).

As used herein:

- (i) **"Tax Jurisdiction"** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer generally becomes liable to taxation; and
- (ii) the **"Relevant Date"** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.3 or any Talon which would be void pursuant to Condition 6.3.



## 10. EVENTS OF DEFAULT AND ENFORCEMENT

### 10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in Conditions 10.1(ii), (viii) and (ix), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

- (i) *Non-payment*: default is made in the payment of any amount of principal or interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer; or
- (iii) *Cross-acceleration of Issuer or Material Subsidiary*:
  - (A) 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;
  - (B) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness subject to any applicable grace period; or
  - (C) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,provided in any case that the amount of Indebtedness referred to in sub-paragraph (A) and/or subparagraph (B) above and/or the amount payable under any Guarantee referred to in sub- paragraph (C) above individually or in the aggregate exceeds £20,000,000 (or its equivalent in any other currency or currencies); or
- (iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an amount in excess of £20,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer and continue(s) unsatisfied and unstayed for a period of 90 days after the date(s) thereof or, if later, the date therein specified for payment; or



- (v) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially the whole of the undertaking, assets and revenues of the Issuer; or
- (vi) *Insolvency, etc.*: other than pursuant to a Solvent Reorganisation (i) an administrator or liquidator of the Issuer is appointed or (ii) the Issuer makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or
- (vii) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (other than pursuant to a Solvent Reorganisation); or
- (viii) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes or the Trust Deed (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; or
- (ix) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed.

For the purposes of this Condition 10, “**Solvent Reorganisation**” means (a) a liquidation, winding-up or dissolution of the Issuer for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction (i) pursuant to which other members of the Group expressly assume all the obligations of the Issuer or (ii) the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders or (b) a liquidation, winding-up or dissolution (if any) pursuant to a substitution under Condition 15.

## 10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or other action or steps unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer and/or the Notes and/or Coupons, in each case unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.



## **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The initial Agents are set out above. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents, provided that:

- (i) there will at all times be a Principal Paying Agent and a Registrar;
- (ii) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (iii) if, and for so long as, it may be necessary (in the context of Condition 8(i)) for a Noteholder to present any Note or Coupon to a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated in order to receive gross payment, there will at all such times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.6. Notice of any variation, termination, appointment or change in Agents and of any change in the specified office through which any Agent acts will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the



payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

#### **14. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the second day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the business day (which for this purposes shall mean a day on which Euroclear and Clearstream, Luxembourg are open for business) after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.



## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Agency Agreement or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or



Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

#### **16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **19. GOVERNING LAW**

The Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency



Agreement, the Notes and the Coupons, are governed by, and shall be construed in accordance with, English law.



## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## **DESCRIPTION OF THE ISSUER AND THE GROUP**

The acquisition of IGBB by Tullett Prebon plc completed on 30 December 2016. The operations of the Tullett Prebon Group and IGBB will be integrated to form the combined operations of the TP ICAP Group over a period that is expected to be two to three years following Completion.

This section "*Description of the Issuer and the Group*" is presented in the following four parts:

Part I – Description of the Tullett Prebon Group

Part II – Description of IGBB

Part III – Description of the Transaction

Part IV – Regulation and Litigation



## PART I

### DESCRIPTION OF THE TULLETT PREBON GROUP

#### Introduction

The Tullett Prebon Group's business involves the provision of broking services to counterparties operating in the world's major wholesale OTC and exchange traded financial and commodity markets. As an intermediary, the Tullett Prebon Group provides a valuable service to its clients through its ability to create liquidity through price and volume discovery to facilitate trading, and to provide anonymity and confidentiality for counterparties.

The business offers broking services in five major product groups: fixed income securities and their derivatives; interest rate derivatives; treasury products; equities; and energy.

The Tullett Prebon Group's broking business is conducted through voice broking, where brokers, supported by proprietary screens displaying historical data, analytics and real-time prices, discover price and liquidity for their clients; and through electronic platforms.

The business brokers products on either a Name Passing (also known as 'Name Give-Up') basis (where all counterparties to a transaction settle directly with each other), a Matched Principal basis (where the Tullett Prebon Group is a counterparty to both sides of a matching trade), or an Executing Broker basis (where the Tullett Prebon Group executes transactions on certain regulated exchanges in accordance with client orders and then 'gives-up' the trade to the relevant client or its clearing member), as further detailed under "*Business Model*" below. The Tullett Prebon Group does not take any proprietary positions.

The Tullett Prebon Group also has an established information sales business ("**Tullett Prebon Information**" or the "**Information Sales business**"), which collects, cleanses, collates and distributes real-time information to data providers, and a risk management services business (the "**Risk Management Services business**"), which provides clients with post-trade, multi-product matching services.

The Tullett Prebon Group operates in Europe, the Middle East, Africa, North and South America and Asia Pacific. Its principal offices are in London, New York, New Jersey, Singapore, Hong Kong and Tokyo.

The Issuer was incorporated and registered in England and Wales on 5 May 2006 as a public company limited by shares with the name New CST plc and registered number 05807599. By a special resolution, the Issuer changed its name to Tullett Prebon plc on 15 December 2006 and, in advance of the acquisition of IGBB, changed its name to TP ICAP plc on 28 December 2016. The principal legislation under which the Issuer operates is the Companies Act and the regulations made thereunder.

The Issuer is domiciled in the United Kingdom with its registered office and principal place of business at Tower 42, Level 37, 25 Old Broad Street, London EC2N 1HQ. The telephone number of the Issuer's registered office is +44 (0) 20 7200 7000.

The Issuer is the ultimate parent company of the Group.



## History

The Tullett Prebon Group can trace its roots back to 1868 when Marshall & Son was established as an exchange brokerage company. The Marshall family remained in active control of the business, which was renamed M.W. Marshall and Co., through to 1967. During the 1970s and 1980s the business, along with a number of other independent broking houses, was consolidated by Mercantile House Holdings. In 1999 the M.W. Marshall business merged with Prebon Yamane to form Prebon Marshall Yamane.

In 2003 Collins Stewart Holdings plc, a financial services group whose principal activities were institutional and private client stock broking and wealth management, acquired Tullett plc, and the enlarged business was renamed Collins Stewart Tullett plc. Tullett plc was originally founded as Tullett & Riley in 1971. The Tullett business merged with Liberty Brokerage in 1999 and was renamed Tullett Liberty in 2000.

In 2004 Collins Stewart Tullett plc acquired Prebon Marshall Yamane and integrated the two interdealer broker businesses to form Tullett Prebon.

In 2006 through a court approved scheme of arrangement, Collins Stewart Tullett plc formed a new parent company, Tullett Prebon plc, which acquired Collins Stewart Tullett plc and demerged the stock broking and wealth management business to form a separate listed company, Collins Stewart plc. The demerger was effective on 19 December 2006 when Tullett Prebon plc became the listed parent of the interdealer broker business.

Since December 2006 the Issuer has continued to acquire businesses to extend its product and geographic coverage, including the acquisition of oil products brokers Primex and Aspen, both based in London, in 2008, Convenção, an interdealer broker based in Brazil, in 2011, and Chapdelaine & Co., a New York based municipal bonds broker, in 2012.

The Issuer completed the acquisition of PVM Oil Associates Limited and its subsidiaries ("**PVM**"), a leading independent broker of oil instruments, in November 2014. PVM, which is focused entirely on energy products, increased the scale of the Tullett Prebon Group's activities in the energy sector, particularly in Europe, and gave the Tullett Prebon Group a significant presence in broking crude oil and petroleum products, complementing its existing activities in these areas. Crude oil is the world's most actively traded commodity.

During 2015, the Issuer has expanded its broking activities in North America through the acquisition in January of 40 brokers from Murphy & Durieu, a New York based interdealer broker in a wide range of fixed income products, and through the acquisition in July of MOAB Oil, Inc., a leading independent broker of physical and financial instruments in the energy markets.

On 28 December 2016 Tullett Prebon plc changed its name to TP ICAP plc, following which on 30 December 2016, TP ICAP plc completed the acquisition of IGBB.

## Strategy

The Group's strategy, is to continue to develop its business, operating as an intermediary in the wholesale OTC and exchange-traded financial and commodity markets, with the scale and breadth to deliver superior performance and returns, underpinned by strong financial management disciplines, and without actively taking credit and market risk.



The Issuer's goal is to become the world's most trusted source of liquidity in hybrid OTC markets and the world's best operator in global hybrid voice broking.

In order to deliver this strategy the Group will aim:

- (1) to provide a high quality broking service to clients, facilitating their trading activity through developing and maintaining strong pools of liquidity across all major asset classes and all major financial centres;
- (2) to develop revenue streams from information and other non-broking services related to financial and commodity markets; and
- (3) to deliver superior and consistent operating margins and return on capital by:
  - (a) maintaining cost discipline and flexibility in the cost base;
  - (b) maintaining a prudent financial structure; and
  - (c) operating an effective risk management governance structure and risk management framework so that the Group can manage its risks within its risk appetite.

Following the conclusion of the global strategic review in the first half of 2015, the Issuer announced the launch of ten key initiatives (the "**Ten Arrows**") each of which has a number of projects and work streams which are designed to optimise the existing business and to pursue opportunities to add new high quality revenue and earnings to the Group.

The first four arrows of the Ten Arrows are focused on building revenue in the most attractive areas of the Group's markets. The Group will:

- (1) seek to add brokers to maintain and grow presence in those products with high relative market attractiveness and where the business has a high relative ability to compete, and to invest in those products that have high market attractiveness where the business's presence can be developed;
- (2) seek to continue to build the business's activities in Energy and Commodities sector;
- (3) look to extend the business's broking offering to service clients who have not traditionally been served by the interdealer brokers in those products where the market is receptive to a broadening of the client base; and
- (4) continue to develop the Information Sales business where the product suite and delivery channels can be further developed.

The remainder of the Ten Arrows are focused on improving the functions in the business that support the revenue generating divisions. The Group will:

- (5) invest in technology including both front office and back office systems and realign the mix between owned and outsourced platforms to maximise the business's intellectual property to seek to ensure that the hybrid voice broking business and Information Sales have the technology richness and capability that customers seek;



- (6) invest in client relationship management and introduce new focus and discipline to how the business targets and covers existing and new clients to seek to broaden and institutionalise client relationships;
- (7) develop the business's capability to source, execute and integrate acquisitions;
- (8) work within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created, taking account of risks and the impact of regulation;
- (9) develop the HR function and processes to focus on hiring and training the next generation of brokers and to manage compensation appropriately to encourage good long term cultural behaviours; and
- (10) seek to improve the business's brand awareness and coverage.

## **Business Model**

See also "*Part II – Description of IGBB – Business Model*" in respect of IGBB.

The Tullett Prebon Group's business model is based on generating a return from providing a facilitation service to clients, enabling them to trade efficiently and effectively. This service can be provided without actively taking credit and market risk.

In accordance with the risk appetite set by the Board, the Tullett Prebon Group is willing to accept a limited exposure to certain risks as a consequence of its activities, primarily to counterparty credit risk and operational risk, and also to a limited amount of market risk. This is reflected in the business model adopted by the Tullett Prebon Group whereby it acts only as an intermediary in the financial markets. The Tullett Prebon Group's risk management policies explicitly prohibit any active taking of trading risk and the Tullett Prebon Group does not trade for its own account. The Tullett Prebon Group's operational risks include the risk of business disruption, employee error and the failure of a business process or IT system, as well as the risk of litigation. See also "Risk Factors - Risks Relating to the Group's Business".

The broking business of the Tullett Prebon Group is conducted through three distinct models: the Name Passing model (also known as "Name Give-Up"); the Matched Principal model; and the Executing Broker model.

### *Name Passing*

Around 75 per cent. of the Tullett Prebon Group's broking revenue is derived from Name Passing activities, where the Tullett Prebon Group is not a counterparty to the trade, and where its exposure to a client is limited to outstanding invoices for commission. Almost all of the Tullett Prebon Group's activities in derivatives, such as forward FX, FX options, interest rate swaps, interest rate options, credit derivatives, and the vast majority of the Energy and Commodities activities are conducted under the Name Passing model. The level of invoiced receivables is monitored closely, by individual clients and in aggregate, and there have been very few instances in the past few years when invoiced receivables have not been collected.

### *Matched Principal*



Around 20 per cent. of the Tullett Prebon Group's broking revenue is derived from Matched Principal activities, where the Tullett Prebon Group is the counterparty to both sides of a matching trade. The vast majority of the Tullett Prebon Group's activities conducted under the Matched Principal model are in government and agency bonds, municipal bonds, mortgage backed securities, and corporate bonds. The Tullett Prebon Group bears the risk of counterparty default during the period between execution and settlement of the trade. In the event of a counterparty default prior to settlement in a Matched Principal trade, the Tullett Prebon Group's exposure is not to the trade date value of the underlying instrument, but to the movement in that value between trade date and the date of default, and so the Tullett Prebon Group's exposure becomes a market risk. This risk is mitigated by the use of central counterparty services and other default risk transfer agreements, where appropriate, and by taking swift action to close out any position that arises as a result of a counterparty default. The Tullett Prebon Group does undertake, under strict controls, a limited amount of Matched Principal broking where a counterparty is buying its own securities, and in these circumstances in the event of that counterparty defaulting prior to settlement the risk of loss due to movement in the value of the underlying instrument is heightened. To mitigate settlement risk the Tullett Prebon Group's risk management policies require that transactions are undertaken on a strict delivery-versus-payment basis. The Tullett Prebon Group's Matched Principal activity also gives rise to limited market risk as a result of the infrequent residual balances which result from the Tullett Prebon Group's failure to match clients' orders precisely or through broker error. The Tullett Prebon Group's Matched Principal activities give rise to liquidity risk as the settlement agents and central counterparty services used by the Tullett Prebon Group can call for increased cash collateral or margin deposits as short notice and the Tullett Prebon Group may be required to fund a purchase of a security before the delivery of that security on to the Tullett Prebon Group's matching counterparty. Once a Matched Principal transaction has settled (usually 1-3 days after trade date), there is no on-going risk for the business. See also *"Risk Factors - Risks Relating to the Group's Business - Matched Principal broking and Executing Broker activities and the resultant settlement processes expose the Group to both market risk and liquidity risk that may reduce its liquidity and adversely affect its profitability"*.

#### *Executing Broker*

Around 5 per cent. of the Tullett Prebon Group's broking revenue is derived from the business operating as an Executing Broker, where the Tullett Prebon Group executes transactions on certain regulated exchanges as per client orders, and then 'gives-up' the trade to the relevant client (or its clearing member). The majority of the Tullett Prebon Group's revenue generated under the Executing Broker model relates to listed equity derivatives and listed interest rate futures and options on futures. The Tullett Prebon Group is exposed to short term pre-settlement risk during the period between the execution of the trade and the client claiming the trade. This exposure is minimal, as under the terms of the 'give-up' agreements the Tullett Prebon Group has in place with its clients, trades must be claimed by the end of the trade day. The Tullett Prebon Group is also exposed to some liquidity risk as exchanges and clearers may require additional cash collateral or margin deposits at short notice if trades have not been claimed. Once the trade has been claimed, the Tullett Prebon Group's only exposure to the client is for the invoiced commission receivable.

#### **Principal Strengths**

See also *"Part II – Description of IGBB – Principal Strengths"* in respect of IGBB.

The Issuer believes that the principal strengths of the Tullett Prebon Group are:



### *Quality of broking service*

The business provides a valuable service to clients through its ability to create liquidity through price and volume discovery to facilitate trading in a wide range of financial instruments. The business employs experienced brokers with established relationships with potential counterparties in the wholesale financial markets, who work to bring together buyers and sellers of financial instruments to provide depth of liquidity and increased certainty of trading. The quality of the broking service the business provides to clients has been recognised by the Tullett Prebon Group being voted number one in more product categories than any other single interdealer broker in Risk Magazine's annual interdealer rankings in each of the years 2010 to 2014. In Risk magazine's annual interdealer rankings published in September 2015, the Tullett Prebon Group was voted the number one overall inter-dealer broker in currency, and the business also performed strongly in rates and Equities. The Tullett Prebon Group was named Interest Rates Broker of the Year and SEF of the Year in the 2015 GlobalCapital awards, and was voted the top broker in FX options in the 2015 FX Week Best Bank Awards.

### *Breadth of product and geographic coverage*

The Tullett Prebon Group has broking expertise in all the main financial asset classes that are traded in the OTC markets, and also has a significant presence in broking physical commodities and related financial instruments. The Tullett Prebon Group is a member of the major derivatives exchanges and offers broking services in listed, exchange traded, derivatives. As markets evolve and new financial instruments are introduced the Tullett Prebon Group has been able to adapt its broking offering to facilitate client trading activity in those instruments. The group has a presence in all of the world's major financial centres and has continued to expand its geographic footprint by establishing local offices in smaller and emerging financial centres including Dubai, Madrid, Geneva, Johannesburg, Sao Paulo and Mexico City, which facilitates the development of broking services tailored to specific markets.

### *Variety of execution methods*

The Tullett Prebon Group's brokers discover price and liquidity for their clients through voice broking and through electronic platforms which complement and support the voice broking activity. The Tullett Prebon Group has developed electronic platforms to provide clients with a variety of execution methods to offer the flexibility to transact either entirely electronically or via the business's comprehensive voice execution broker network. This hybrid model is consistent with the nature and operation of the majority of the OTC product markets which depend upon the intervention and support of voice brokers for their liquidity and effective operation. The Tullett Prebon Group has launched a wide range of platforms across the various asset classes reflecting market demand and changing regulatory requirements. Tullett Prebon believes that these regulatory reforms and the introduction of more electronic platforms to service these markets reflect an evolution of the facilitation service that the business provides. As a result of the investment that has been made in these platforms and associated infrastructure, the Issuer believes that the Tullett Prebon Group is well positioned to respond to and benefit from changes in the way in which OTC product markets operate as a result of the regulatory reforms of these markets.

### *Limited exposure to market and credit risk*

The Tullett Prebon Group's business model is based on generating a return from providing a facilitation service to clients, enabling them to trade efficiently and effectively. This service can be provided without actively taking credit and market risk. The business does not take trading risk and



does not hold proprietary trading positions. The Tullett Prebon Group's exposure to market risk is only in relation to incidental positions in financial instruments as a result of the business's failure to match clients' orders precisely or through broker error. The Tullett Prebon Group's risk management policies are designed to reduce the likelihood of such trade mismatches and the Tullett Prebon Group's policy is to close out such balances immediately. As the Tullett Prebon Group does not hold proprietary trading positions, the Tullett Prebon Group's exposure to credit risk is principally counterparty credit risk as opposed to issuer risk. The majority of the Tullett Prebon Group's revenue is derived from Name Passing broking where the Tullett Prebon Group's exposure to credit risk is limited to the client failing to pay the brokerage commission charged. The Tullett Prebon Group's exposure to credit risk from its Matched Principal and Executing Broker activities is very short term in nature (generally up to three days) and the risk is contingent in nature; in the event of client default the Tullett Prebon Group would only suffer loss if the value of the underlying financial instrument had moved adversely in that time. The Tullett Prebon Group's exposure to Matched Principal settlement risk is minimal as the Tullett Prebon Group seeks always to effect settlement on a delivery-versus-payment basis.

#### *Quality of Tullett Prebon Information*

Tullett Prebon Information, which provides valuable market data through the major data vendors and directly to customers, is an award-winning provider of high quality independent price information and data from the global OTC markets. The business has been awarded the title of Best Data Provider (Broker) at the Inside Market Data Awards for the last five years.

#### *Strong cash generation and prudent financial structure*

The Group's business has strong cash flow generation, with the Tullett Prebon Group converting 88 per cent. of its underlying operating profit into operating cash flow over the four years from 2012 to 2015. Of the Tullett Prebon Group's gross debt of £550 million as at 31 December 2016, £80 million was in the form of fixed rate sterling bonds. The rest is currently financed either through the Group's £250 million revolving credit facility, which has a current maturity of 2019, or through a bridge facility with a current maturity of 2017. The Group manages its day to day liquidity through holding significant cash balances and other financial assets, and through various credit and settlement facilities provided by the Group's bankers and settlement agents. The Tullett Prebon Group's cash, cash equivalents and short term financial assets as at 31 December 2015 totalled £379.2 million.

#### *Underlying Operating Profit Margin*

The underlying operating profit margin percentage<sup>1</sup> of the Issuer for the year ended 31 December 2013 was 14.4 per cent. (calculated on the basis of underlying operating profit of £115 million divided by revenue of £804 million for this period, and expressed as a percentage), for the year ended 31 December 2014 was 14.3 per cent. (calculated on the basis of underlying operating profit of £101 million divided by revenue of £704 million for this period, and expressed as a percentage) and for the year ended 31 December 2015 was 13.6 per cent (calculated on the basis of underlying operating profit of £108 million divided by revenue of £796 million for this period, and expressed as a percentage).

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<sup>1</sup> As further described in "Alternative Performance Measures" below.



## Organisational Structure

The principal purpose of the Issuer is to act as a parent undertaking for the Group and to raise external financing for the Group. All principal subsidiaries of the Group are wholly owned by the Issuer.

The Issuer's principal trading subsidiaries (each of which is considered by the Issuer to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position or the profits and losses of the Group) are set out below:

### *Principal trading subsidiaries prior to Completion of the Transaction:*

<b><u>Name</u></b>	<b><u>Country of Incorporation</u></b>
PVM Oil Associates Limited.....	Bermuda (operating in England)
Tullett Prebon Americas Corp .....	USA
Tullett Prebon (Europe) Limited .....	England
Tullett Prebon Financial Services LLC .....	USA
Tullett Prebon (Hong Kong) Limited .....	Hong Kong
Tullett Prebon Information Limited .....	Guernsey (operating in England)
Tullett Prebon (Securities) Limited .....	England
Tullett Prebon (Singapore) Limited.....	Singapore

### *Additional principal trading subsidiaries following Completion of the Transaction:*

<b><u>Name</u></b>	<b><u>Country of Incorporation</u></b>
ICAP Global Derivatives Limited.....	England
ICAP Energy Limited.....	England
ICAP Europe Limited.....	England
ICAP Securities Limited .....	England
ICAP Corporates LLC .....	USA
ICAP Energy LLC.....	USA
ICAP Securities USA LLC .....	USA

## Capital Structure

See also "Part II – Description of IGGBB – Capital Structure" in respect of IGGBB.

The Group is financed through shareholders' equity and debt. The Group seeks to ensure that it has access to an appropriate level of cash, marketable securities and facilities to enable it to finance its on-going operations on cost effective terms. The primary source of liquidity for the Group's operations is the cash balances and marketable securities that are held in each individual legal entity, and overdraft facilities provided by settlement agents or clearing banks to support the settlement process. The Group also has recourse to a committed revolving credit facility of £250 million.



## **Principal Activities**

See also "*Part II – Description of IGBB – Principal Activities*" in respect of IGBB.

The business offers broking services in five major product groups: fixed income securities and their derivatives, interest rate derivatives, treasury products, equities and energy. The Tullett Prebon Group also has an Information Sales business and a Risk Management Services business.

### *Fixed Income*

The Tullett Prebon Group has a broad-based business in fixed income products. The Tullett Prebon Group's operations cover the broking of cash bonds including US Treasuries, US government agencies, US mortgage-backed securities, US municipal bonds, and European government bonds, as well as servicing the repo market and brokering bond futures and options. The Fixed Income business also covers credit products including high-grade and high-yield corporate bonds, credit default swaps, and emerging markets bonds. In 2015, the Tullett Prebon Group's Fixed Income securities product group generated revenue of £171.2 million (2014: £186.5 million). In the six months ended 30 June 2016, this product group generated revenue of £88.8 million (£93.6 million for the six months ended 30 June 2015).

### *Interest Rate Derivatives*

The Tullett Prebon Group brokers derivative products which facilitate the management of interest rate risk. The products brokered cover the full yield curve on a multi-currency basis and include interest rate swaps in all forms (spread, coupons and basis), interest rate options, and forward rate agreements. In 2015, the Tullett Prebon Group's Interest Rate Derivatives product group generated revenue of £135.3 million (2014: £140.6 million). In the six months ended 30 June 2016, this product group generated revenue of £70.2 million (£76.2 million for the six months ended 30 June 2015).

### *Treasury Products*

The Tullett Prebon Group brokers treasury products including spot and forward foreign exchange, non-deliverable forwards in non-convertible currencies, foreign exchange options, and cash and deposits. In 2015, the Tullett Prebon Group's Treasury Products product group generated revenue of £185.0 million (2014: £190.5 million). In the six months ended 30 June 2016, this product group generated revenue of £94.3 million (£96.0 million for the six months ended 30 June 2015).

### *Equities*

The Tullett Prebon Group offers broking services in a variety of equity derivative products including index and single stock options, and in some cash equity products including American depositary receipts and global depositary receipts. In 2015, the Tullett Prebon Group's Equities product group generated revenue of £46.3 million (2014: £39.5 million). In the six months ended 30 June 2016, this product group generated revenue of £27.6 million (£21.5 million for the six months ended 30 June 2015).

### *Energy and Commodities*

The Tullett Prebon Group's broking activities in the energy markets cover a wide variety of products in oil (including crude oil, fuel oil, gas oil, gasoline, naphtha and derivatives related to those products), power (electricity) and gas, as well as in commodities such as metals, coal and soft



commodities. In 2015, the Tullett Prebon Group's Energy and Commodities product group generated revenue of £204.3 million (2014: £100.0 million). In the six months ended 30 June 2016, this product group generated revenue of £117.6 million (£101.2 million for the six months ended 30 June 2015).

#### *Information Sales and Risk Management Services*

Tullett Prebon Information Sales provides high quality independent real-time and end of day price information from the wholesale interdealer brokered financial and commodity markets to both major data vendors and directly to end users. The Tullett Prebon Group's Risk Management Services business provides clients with services to facilitate their post-trade management of interest rate risk in a number of currencies and date mismatch risk on non-deliverable forward contracts. In 2015, these businesses generated revenue of £53.9 million (2014: £46.4 million). In the six months ended 30 June 2016, these businesses generated revenue of £31.8 million (£27.2 million for the six months ended 30 June 2015).

### **Principal Markets**

See also "*Part II – Description of IGBB – Principal Activities*" in respect of IGBB.

The Tullett Prebon Group manages its operations on a regional basis in Europe and the Middle East, Americas and Asia Pacific. Each of the three regions provides broking services in the five product groups, Information Sales and Risk Management Services.

#### *Europe and the Middle East*

The Tullett Prebon Group has offices in London, Paris, Frankfurt, Madrid, Zurich, Luxembourg, Warsaw, Geneva, Bahrain and Dubai. The Tullett Prebon Group has also recently opened an office in Johannesburg which is managed as part of Europe and the Middle East. Revenue from the Tullett Prebon Group's activities in Europe and the Middle East for 2015 was £455.3 million (2014: £405.6 million), representing 57 per cent. of total Tullett Prebon Group revenue (2014: 58 per cent.). In the six months ended 30 June 2016, revenue from activities in Europe and the Middle East was £234.2 million (£241.9 million for the six months ended 30 June 2015). Broker headcount in Europe and the Middle East as at 31 December 2015 was 799, with 634 brokers based in the Tullett Prebon Group's offices in London, and 165 brokers based in offices in Continental Europe and the Middle East.

#### *Americas*

The Tullett Prebon Group has offices in New York, Jersey City, Houston, Toronto and Sao Paulo. The Tullett Prebon Group has also recently opened an office in Mexico City. Revenue from the Tullett Prebon Group's activities in the Americas for 2015 was £234.5 million (2014: £201.6 million), representing 29 per cent. of total Tullett Prebon Group revenue (2014: 29 per cent.). In the six months ended 30 June 2016, revenue from activities in the Americas was £134.1 million (£117.9 million for the six months ended 30 June 2015). Broker headcount in the Americas as at 31 December 2015 was 543, with 503 brokers based in the Tullett Prebon Group's offices in North America and Mexico (primarily New York and New Jersey), and 40 brokers based in Brazil.

#### *Asia Pacific*

The Tullett Prebon Group has offices in Singapore, Hong Kong, Tokyo, Sydney, Seoul, Jakarta, and Manila. The Tullett Prebon Group also operates through associated companies with offices in



Shanghai, Mumbai and Bangkok. Revenue from the Tullett Prebon Group's activities in Asia Pacific for 2015 was £106.2 million (2014: £96.3 million), representing 13 per cent. of total Tullett Prebon Group revenue (2014: 14 per cent.). In the six months ended 30 June 2016, revenue from activities in Asia Pacific was £62.0 million (£55.9 million for the six months ended 30 June 2015). Broker headcount in Asia Pacific as at 31 December 2015 was 385.

## **Information Technology**

See also "*Part II – Description of IGBB – Information Technology*" in respect of IGBB.

The Tullett Prebon Group deploys a number of computer and communications systems and networks to operate its broking business, including front office broking platforms available to customers and brokers to disseminate information, provide analytics and to collect and manage orders; and middle office systems to record, confirm, enrich, report, monitor, and settle trades and to calculate brokerage commission.

In its Information Sales business, the Tullett Prebon Group deploys computer and communications systems and networks to capture, cleanse and package data, and to disseminate it both real-time and at end of day to customers.

In its Risk Management Services business, the Tullett Prebon Group deploys computer and communications systems and networks to collect information from customers, and to compare and analyse that information to facilitate matching trades that reduce portfolio risk.

The Tullett Prebon Group deploys back office systems for invoicing customers, for financial management, and to support other administrative functions.

The Tullett Prebon Group's systems form an integral part of the services offered to customers who rely upon them to facilitate their activities. The capability, availability and performance of these systems are a significant factor in the Tullett Prebon Group's ability to attract and maintain customer business.

Over the last few years the Tullett Prebon Group has made investments in the development and launch of new electronic platforms, straight-through-processing functionality and associated technology infrastructure. The Tullett Prebon Group's electronic broking platforms provide clients with the flexibility to transact either entirely electronically or via the business's comprehensive voice execution broker network.

The regulatory reforms to the OTC derivatives markets that have been and are being introduced in the main territories in which the Tullett Prebon Group operates, require in some cases, the deployment of front office order management systems and middle office deal management systems with particular functionality and connectivity capability. In the United States, the Tullett Prebon Group's SEF is required to operate an electronic system to meet the minimum functionality requirements to enable all market participants to enter multiple bids and offers, to observe and receive bids and offers, and to transact on such bids and offers.

The Tullett Prebon Group deploys technical infrastructure to run the various platforms and systems and has established primary and secondary data centres in each of the three regions in which the Tullett Prebon Group operates. These data centres are connected through a wide area network that carries data communications at the high speed necessary for low-latency trading systems, together with sufficient bandwidth to accommodate telephone communications over the global network.



## Directors

As at the date of this Prospectus, the Directors of the Issuer are as follows:

<b><u>Name</u></b>	<b><u>Position within the Issuer</u></b>	<b><u>Other significant Directorships and Partnerships</u></b>
<b>Rupert Robson</b> .....	Chairman	Savills plc ExtraVert Limited EMF Capital Partners LLP Sanne Group plc
<b>John Phizackerley</b> .....	Chief Executive Officer	The Lehman Brothers Foundation (Europe) Limited
<b>Andrew Baddeley</b> .....	Chief Financial Officer	Hillcrest Residents Association Limited Walthamstow Hall Cobalt Insurance Holdings Limited Panos Consulting Limited
<b>Angela Knight</b> .....	Senior Independent Non-Executive Director	Brewin Dolphin Holdings plc Angela K Services Ltd Transport for London
<b>Roger Perkin</b> .....	Independent Non-Executive Director	Electra Private Equity Investments plc Electra Private Equity plc Nationwide Building Society Bower Bequest Trustee Company Limited
<b>Stephen Pull</b> .....	Independent Non-Executive Director	Ravenshurst Partners LLP Evaluate Group Ltd Econiq Ltd
<b>David Shalders</b> .....	Independent Non-Executive Director	None
<b>Carol Sergeant</b> .....	Independent Non-Executive Director	Danske Bank A/S Threadneedle Solutions Ltd A2 Kingsway Limited

No Director has any actual or potential conflict of interest between his or her duties to the Issuer and his or her private interests or other duties, save that Rupert Robson and Stephen Pull currently serve as trustees of the Tullett Prebon Pension Scheme.

The business address of all of the Directors is Tower 42, Level 37, 25 Old Broad Street, London EC2N 1HQ.

## Corporate Governance

The Board currently complies with the Governance Code. The Issuer complies with a code of securities dealings which is consistent with the Model Code. The Model Code applies to the directors of the Issuer and relevant employees of the Group.

The Board has established four principal committees: the Audit Committee, the Risk Committee, the Remuneration Committee and the Nominations Committee. These principal committees, established



by the Tullett Prebon Group prior to Completion, oversee the relevant functions of the enlarged TP ICAP Group following Completion.

#### *Audit Committee*

The Board has delegated responsibility to the Audit Committee for: providing recommendations on the appointment, reappointment, removal and terms of engagement of the external auditor; reviewing the independence and objectivity of the external auditor and effectiveness of the audit process; developing and implementing policy on the engagement of the external auditor to supply non-audit services; reviewing and approving the annual audit plan, scope of engagement and reviewing the effectiveness of the audit process; monitoring the integrity of the Group's financial statements; reviewing the results of the audit; reviewing the effectiveness of the Group's internal control and risk management procedures; approving the internal audit plan, reviewing the effectiveness of the internal audit function, and considering the internal audit reports; reviewing the arrangements by which staff may, in confidence, raise concerns about improprieties in financial reporting and other matters; reviewing the Issuer's procedures for detecting fraud; reporting to the Board on how the Audit Committee has discharged its responsibilities; providing advice to the Board on whether the annual report of the Issuer, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and ensuring that an audit services contract is put out to tender at least once every 10 years.

#### *Remuneration Committee*

The Board has delegated responsibility to the Remuneration Committee for: reviewing and approving the general principles of the Group's remuneration policies; considering the relationship between incentives and risk; determining the application of the Group's remuneration policies to the Executive Directors; reviewing the application of the Group's remuneration policies to senior management, brokers and control functions; determining the remuneration of executive Directors and the Chairman; approving the remuneration of senior management after consultation with the Chief Executive; approving all share and long term incentive schemes and their application; reviewing and approving the Report on Directors' Remuneration; advising and where appropriate making recommendations to the Board as to developments in best practice relating to the remuneration of all employees; escalating to the Board's Risk Committee matters as required by the Enterprise Risk Management Framework ("**ERMF**"), risk management policies and other policies in place; and working with, but not being bound by, the Board's Risk Committee to ensure that risk and risk appetite are properly considered in setting remuneration policy.

#### *Nominations Committee*

The Board has delegated responsibility to the Nominations Committee for: reviewing the balance and skill, knowledge and experience of the Board; agreeing and implementing procedures for the selection of new Board appointments; and making recommendations to the Board on all proposed new appointments, elections and re-elections of Directors at Annual General Meetings.

#### *Risk Committee*

The Board has delegated responsibility to the Risk Committee for: overseeing the development, implementation and maintenance of the Group's overall risk management and compliance framework and its risk appetite, principles and policies to ensure that they are in line with emerging regulatory, corporate governance and industry best practice and support the Group's strategy;



reviewing new risk principles and policies and any material amendments recommended by the Executive Directors, for approval by the Board; considering future and emerging risks and current and upcoming regulatory developments and advising the Board as appropriate; overseeing the Group's actual risk exposures and risk and compliance management practices to ensure that they are effective, in line with risk appetite and comply with regulatory requirements or any other higher standards set by the Board; reviewing the Group's prudential regulatory requirements (capital and liquidity/ ICAAP) and making recommendations to the Board; considering the risks arising from any strategic initiatives and advising the Board accordingly; reviewing the annual risk and compliance work plans; overseeing the independence and effectiveness of the risk and compliance functions including adequacy of resourcing, capabilities and succession planning; ensuring the Board receives appropriate and timely risk and compliance information; reviewing the appointment, resignation or dismissal of the Chief Risk Officer, General Counsel and Head of Compliance and making appropriate recommendations to the Board; providing input to the Remuneration Committee on the alignment of remuneration to risk performance; facilitating the effective contribution and involvement of Non-executive Directors and aiding their understanding of risk issues and the way they are managed in the Group; arranging for the periodic review of its own performance and at least annually reviewing its terms of reference and recommending any changes it considers necessary to the Board for approval; and liaising with the Audit Committee to ensure clear delineation of responsibilities.

### **Risk Management Governance**

The Group's Risk Management Governance functions described below, established by the Tullett Prebon Group prior to Completion, oversee the relevant functions of the enlarged TP ICAP Group following Completion.

### ***Enterprise Risk Management Framework***

The Board has adopted an ERMF, the purpose of which is to enable the Group to understand the risks to which it is exposed, and to manage them in line with the Group's overall business objectives and within its stated risk appetite. The ERMF defines the processes, ownership, responsibilities and the risk governance required to support effective implementation of the framework, and comprises four mutually reinforcing components:

- (1) a risk management philosophy which sets out the Group's underlying attitude to the management of risk and addresses the Group's risk appetite;
- (2) a risk management culture which seeks to foster adoption of appropriate risk management principles and behaviours throughout the Group;
- (3) a risk management governance structure based on three lines of defence that segregate risk management (first line of defence) from risk oversight (second line of defence) and risk assurance (third line of defence); and
- (4) risk management processes that enable effective identification, assessment, management and reporting of risk exposures.

### ***Risk management philosophy***

Effective risk management is essential for the financial strength and resilience of the Group, and for the achievement of its business objectives. The Board has the responsibility to ensure that the Group



implements an appropriate risk management culture throughout the Group, underpinned by a robust framework of risk governance and controls, complying with all relevant laws and regulations.

The Group has adopted core principles that set the context for the Group's risk management activities:

- risk management should be value enhancing so that current and potential risks are managed to support achievement of the Group's business objectives and strategy;
- risk management should address the expectations and requirements of the key stakeholders (shareholders and regulatory authorities);
- risk oversight and assurance functions should be sufficiently independent of business decision taking and supported by adequate resources;
- the Board must clearly define its risk appetite, setting out the type and level of risk the Group is willing to accept in pursuit of its objectives;
- risk management should be integrated into the business processes of the Group, and both current and emerging risks should be managed as an integral aspect of the business management processes. Risk management should be proportionate and commensurate with the level and complexity of both the business model and the nature of associated risks;
- the cost of risk management should be proportionate to the value it creates for the Group, while ensuring that regulatory objectives are met; and
- risk management should be subject to continual review and enhancement to ensure that associated structures, systems and processes remain effective and reflect stakeholder expectations.

### ***Risk management culture***

The Board recognises that embedding a sound risk management culture is fundamental to the effective operation of the Group's risk management framework, and sets the tone and manner in which the Group conducts its business activities through defined values and expected behaviours. The Board notes that the Group must ensure that the risk management culture is implemented across all businesses and functions, such that all employees are aware of, and act in conformity with, the desired values and behaviours adopted by the Group in their day-to-day activities.

The Group seeks to achieve the implementation of its desired risk management culture through a combination of frameworks, policies and practices, including: the Group's cultural framework which puts market integrity at the heart of the business; risk appetite statements that clearly define the type and level of risk the Group is willing to accept in pursuit of its objectives; the adoption of a comprehensive policy framework to ensure that all employees are aware of their risk management responsibilities as they relate to specific risks; the allocation of responsibility for identification, assessment, mitigation and reporting of risks to management across the business (including front office, control function and executive management); a performance management process that links staff appraisals and remuneration to risk management and conduct criteria; and corporate communications that reinforce awareness and understanding of the Group's desired risk management culture and associated policies.



## ***Risk management governance structure***

### *The Board*

The Board has overall responsibility for the management of risk within the Group. This includes determining its risk appetite which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives, defining expectations for the Group's risk culture, ensuring that it has an appropriate and effective risk management framework and monitoring performance so that the Group remains within its risk appetite. The Board has delegated certain risk governance responsibilities to the Risk Committee of the Board ("**BRC**").

### *Risk Committee*

In 2015, the Group implemented a Risk Committee governance structure to oversee the implementation and operation of the ERMF. This structure comprises the BRC, Group Executive Risk Committee ("**GERC**") and three Regional Risk Committees (in EMEA, Americas and APAC).

The Regional Risk Committees are responsible for exercising risk management oversight in their respective regions. The Regional Risk Committee of each region is chaired by the relevant Regional CEO and attended by the Regional CROs.

The Regional Risk Committees all report to the GERC, chaired by the Group CEO, which in turn reports to the Board Risk Committee which is a formal committee of the Board, and is chaired by the Group's designated Risk Non-Executive Director. Both of these committees are attended by the Group CRO.

### *First line of defence—risk management within the business*

The first line of defence comprises the management of the business units and support functions. The first line of defence has primary responsibility for ensuring that the business operates within risk appetite on a day-to-day basis.

In discharging this responsibility, business management are responsible for identifying, assessing and managing any risks arising from their activities, and for adhering to all relevant risk management policies adopted by the Group. This includes ensuring the effective operation of any controls required to manage risk within appetite, and for ensuring that the employees for whom they are responsible are aware of, and competent to undertake, their role in the risk management process.

### *Second line of defence—risk oversight*

The second line of defence comprises the risk and compliance functions, which are separate from operational management, and are responsible for overseeing and challenging the first line of defence as it undertakes the identification, assessment and management of risks, and for assisting the Board (and its various committees) in discharging its overall risk oversight responsibilities.

The Group's risk function is responsible for assisting the Board in the development of the Group's risk appetite and framework, monitoring the implementation of the ERMF and providing robust challenge to the first line in its risk management activities.

The compliance function is responsible for monitoring compliance with all applicable regulatory requirements, including those relating to conduct of business requirements, market abuse provisions



and the prevention of financial crime. The Compliance function is also responsible for monitoring potential changes to the regulatory framework in which the Group operates, to assess their impact on the Group and identify the actions required to meet these new requirements

### *Third line of defence—independent assurance*

Internal Audit provides independent assurance on the design and operational effectiveness of the Group's risk management framework and activity, including the performance of the business units and support and oversight functions which constitute the first and second lines of defence. Internal Audit considers all relevant risk related information in constructing its audit plan, including risk exposure reports, the results of risk and control self-assessments, and specific risk events which have occurred (such as loss events or 'near-misses'). Internal Audit has a direct reporting line to the Audit Committee.

### *Risk management processes*

The ERMF sets out the core risk management activities undertaken by the Group to ensure that the Board understands the Group's risk profile and adopts a clearly defined risk appetite, that it manages risk exposures within risk appetite and that the Group's desired risk culture is embedded throughout the Group.

The business objectives and strategy adopted by the Board determine the nature and scale of the commercial activities undertaken by the Group, and the overall risk appetite of the Group. As such, the business objectives are the key determinant of the Group's risk profile.

The Group periodically identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, collectively referred to as the 'risk universe'. This exercise also covers any emerging risks, defined as newly developing and changing risks which could have a significant impact on the Group. The risk universe is approved by the Board at least once a year, or more frequently in the event of a significant change to the Group's business activities or external business environment.

Risk appetite represents the type and level of risk which the Group is willing to accept in pursuit of its objectives and is articulated by the Board through the Group's risk appetite statements, at least annually or more often if required. These can be expressed in either quantitative or qualitative terms. The Group implements these risk appetite statements through the adoption of 'risk thresholds' which provide exposure thresholds at individual risk level which the 'first line of defence' must use to manage the risk exposure within risk appetite on a day-to-day basis. The Board approves the risk appetite statements at least annually. Risk thresholds are approved by the BRC on an annual basis. In setting its risk appetite, the Group adheres to the overriding principle that the risk profile of the Group should be managed to be as low as reasonably practicable.

The Group publishes risk management policies which describe the principal risk management and control requirements that must be implemented to manage the Group's risk exposure within appetite.

The Group conducts a formal assessment of its risk exposure at least once a year to ensure that it is operating within risk appetite. The assessment of risk exposure consists of the risk and controls self-assessment process ("**RCSA**"); a top-down risk assessment process; and stress testing and scenario analysis. The findings of the RCSA process, the top-down risk assessment process and the stress testing and scenario analysis are taken together to determine the Group's overall risk exposure, and



then compared with the applicable risk appetite statement to assess whether the Group is operating within risk appetite.

The RCSA is the process by which the Group assesses its exposure to specific risks, including an assessment of the effectiveness of the control framework it has in place. RCSAs are undertaken by the Group's front office, support and control functions with support from the Risk function. Any impact on the Group's capital, liquidity, reputation, regulatory standing or access to capital markets is considered.

The top-down risk assessment process is completed by the Board and Executive Committee to ensure that the overall Group risk assessment process incorporates the input of those members of senior management who have not been involved in the 'bottom-up' RCSA process, and to ensure that the process incorporates the Board and Executive's view of the major and strategic risks to which the Group is exposed.

The Group undertakes stress testing and scenario analyses to complement the RCSA process and enhance its understanding of its risk profile and control framework. These include macro- economic scenarios to investigate the impact on the Group of 'severe but plausible' external events which are beyond the control of the Group and reverse stress tests to identify those risks which could render the Group's business model unviable in an extreme scenario, thereby identifying those areas of the Group's control framework which require particular scrutiny.

The ability of the Group to withstand severe risk events is, to a large extent, determined by the level of capital and liquidity resources held by the Group. The Group therefore regularly assesses the adequacy of its capital and liquidity resources to cover the Group's risk profile as established through the RCSA, top-down risk assessment and stress testing and scenario analysis. The assessment of financial resources is undertaken at a subsidiary level, to ensure that each subsidiary has access to adequate financial resources on a standalone basis.



## PART II

### DESCRIPTION OF IGBB

#### Introduction

Prior to Completion of the Transaction, IGBB was the global broking business of ICAP plc and was composed of:

- ICAP's three regionally managed hybrid voice broking businesses in EMEA, the Americas and Asia Pacific, including all e-trading products and services developed by ICAP's e-Commerce team (including Fusion) (together "**IGBB Global Broking**");
- ICAP's 40.23 per cent. economic interest in iSwap Limited ("**iSwap**"), a global electronic trading platform for EUR, USD, and GBP interest rate swaps;
- revenues and operating profits from sales of information services products directly attributable to Global Broking and iSwap ("**IGBB Information Services**"); and
- certain of ICAP's joint ventures, associates and investments, including but not limited to SIF ICAP, SA de CV (Mexico), Totan ICAP Co Limited (Japan), Central Totan Securities Co Limited (Japan) and Corretaje e Informacion Monetaria y de Divisas, SA (Spain).

IGBB continues to comprise these businesses following Completion, subject as provided under "*Part III – Description of the Transaction – Divestment of the ICAP Oil Business*" of this Prospectus).

Following an announcement on 7 June 2016 by the Competition and Markets Authority (the "**CMA**") that it would refer the Transaction to a Phase 2 investigation unless suitable undertakings were offered, Tullett Prebon and ICAP undertook to divest the ICAP Oil Business to a suitable purchaser, to be approved by the CMA. Tullett Prebon and ICAP subsequently proposed INTL FCStone Limited as the purchaser of the ICAP Oil Business. On 2 August 2016, the CMA announced that it considered the proposed undertakings to be appropriate to remedy its competition concerns, and that it had accepted them in principle. On 16 December 2016, ICAP announced the completion of the disposal of the ICAP Oil Business to INTL FCStone Limited.

#### History and Development

See also "*Part II – Description of IGBB – History and Development*" in respect of IGBB.

The Nex Group resulted from the merger of Garban Group and Intercapital Group in August 1999. At the time, Garban was one of the leading integrated money and securities brokers in the world, and Intercapital Group was one of the world's leading OTC derivatives brokers. Since the merger, IGBB continued to make investments to extend its geographic reach and widen its product coverage. Notable acquisitions and growth by IGBB included ICAP Energy (formerly APB) and Nittan Capital's voice broking interests in Asia (2002); Intercontinental energy brokers (2004); GovPX Inc (a provider of fixed income and derivatives information in the United States) and United fuels (2005); an established domestic business in Brazil, and Arkhe (2008); and Link equity derivatives business and launch of global cash equities business in Europe, North America and Asia (2009).



## **Underlying Operating Profit Margin Percentage**

The underlying operating profit margin percentage<sup>2</sup> of IGBB for the year ended 31 March 2014 was 12.6 per cent. (calculated on the basis of trading operating profit of £115 million divided by revenue of £913 million for this period, and expressed as a percentage), for the year ended 31 March 2015 was 10.4 per cent. (calculated on the basis of trading operating profit of £84 million divided by revenue of £808 million for this period, and expressed as a percentage) and for the year ended 31 March 2016 was 8.8 per cent. (calculated on the basis of trading operating profit of £65 million divided by revenue of £741 million for this period, and expressed as a percentage).

## **Business Model**

IGBB's business model is based on generating returns through bringing buyers and sellers together in the global wholesale financial markets, helping them to identify potential trading interest, access liquidity and facilitate price discovery in an array of financial instruments.

IGBB actively manages its risk as part of its business model and does not expose itself to material credit or market risks. IGBB does not intend or expect to take material losses during the ordinary course of its activities. This is reflected in its fee and commission earning business model. It does not wish to expose itself to material credit or market risks and does not intentionally hold or deal in assets that stay on its balance sheet for any longer than the normal settlement cycle on the occasions when it is involved in 'matched principal' or exchange-traded broking.

The broking business of IGBB is based on three distinct models: the matched principal and stock lending model; the agency business (also known as "name give-up") model; and the execution on exchange business model.

### *Matched Principal*

Around 18 per cent. of IGBB's broking revenue for the year ended 31 March 2016 was derived from matched principal activities, where IGBB is involved as principal in the matched purchase and sale of securities and other financial instruments between IGBB's customers. As part of its matched principal business, IGBB faces short-term liquidity requirements arising from settlement and clearing arrangements, in the form of collateral and margin requirements for clearing houses or financial institutions providing clearing access. Large liquidity demands may also arise on the same day or the next day, due to reasons beyond IGBB's direct control. IGBB manages its liquidity risk by using financial institutions for clearing access and ensuring that adequate liquidity resources are maintained to meet these liquidity requirements in support of its trading activities, for example, putting in place contingency funding arrangements and procedures, and maintaining access to a committed liquidity held centrally for same day and next day utilisation. To mitigate credit risk on matched principal transactions, IGBB uses appropriate policies and procedures including stringent on-boarding requirements, setting appropriate cash limits for all counterparties which are closely monitored to restrict any potential loss through counterparty default.

### *Name Give-up*

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<sup>2</sup> As further described in "Alternative Performance Measures" below.



Around 73 per cent. of IGBB's broking revenue for the year ended 31 March 2016 was derived from name give-up activities, where IGBB matches buyers and sellers of financial instruments and raises invoices for the service provided. IGBB does not act as principal in name passing activities and only receives and transmits orders between counterparties. In this model, IGBB is exposed to credit risk resulting from unpaid invoices relating to broker commission charged on the transactions. IGBB monitors its receipt of payment of these invoices and is in regular contact with its client to ensure timely payment of commission fees due to IGBB.

#### *Execution on exchange*

Around 7 per cent of IGBB's broking revenue for the year ended 31 March 2016 was derived from the business operating as a broker of exchange-listed products, where IGBB executes customer orders as principal and then novates the trade to the underlying customer's respective clearing broker for settlement. IGBB is exposed to liquidity risk and credit risk as part of its exchange-traded business. The credit and market risk resulting from this model are similar to that which arises in the matched principal model and is monitored and managed in the same way.

### **Principal Strengths**

#### *Quality of broking services*

IGBB provides services to participants in wholesale financial and commodities markets across a wide range of geographies and asset classes. IGBB's brokers, have deep customer relationships which they use to help identify potential trading interest, access liquidity and facilitate price discovery in a vast array of financial instruments.

The quality of the broking service IGBB provides to clients has been recognised by IGBB being voted number one in multiple product categories across regions in Risk Magazine's annual interdealer rankings in each of the last five years.

#### *Breadth of product and geographic coverage*

IGBB operates across 35 locations in 22 countries, providing hybrid voice inter-dealer broking services and complementary information services products across a wide range of asset classes including rates, emerging markets, commodities, equities, FX and money markets and credit. IGBB offers its customers a choice of trading venues and services, allowing them to select the execution method (matched principal, agency/ name give-up or execution on-exchange) appropriate for the liquidity of the product and their specific needs. Market participants use IGBB's hybrid voice broking services to assess trading availability and successfully execute trades. Customers range from investment banks for fixed income products to end-user corporates and industrials for commodities.

#### *Variety of execution methods*

Market participants can use IGBB's voice and hybrid broking services to assess trading availability and successfully execute trades. IGBB's 1,472 voice brokers (as at 30 June 2015) can draw on their deep customer relationships and market expertise, and on IGBB's suite of pre-trade price discovery screens to identify potential trading interest, and in doing so create transparency, liquidity and facilitate the price discovery process. This is particularly important in markets where there is a wide range of potential transaction types and the number of parties willing to enter into certain transactions at any moment may be limited.



IGBB offers broking services for a wide range of asset classes including rates, FX, commodities, emerging markets, credit and equities. For each of these asset classes, IGBB has electronic capability which gives customers the choice to enter prices and execute trades electronically, directly via one of ICAP's electronic trading systems, and/or to engage with a broker to identify and help negotiate trades.

IGBB is growing its electronic product offerings. The iSwap central order book has been well established in Europe for several years and in 2014/15 started to see traction in the US dollar medium-term interest rate swap market contributing 13 per cent. to ICAP's SEF US dollar IRS volumes in the three months to March 2015 compared to 4 per cent. in the three months to March 2014. There has also been significant growth in revenue generated by IGBB Global Broking's electronic matching platforms and further expansion of the trading facilitated by these platforms is expected as customers become increasingly comfortable with such offerings.

#### *Limited exposure to market and credit risk*

IGBB holds or deals in assets that do not stay on its balance sheet for any longer than the normal settlement cycle on the occasions when it is involved in "matched principal" or exchange-traded broking. IGBB does not intentionally take proprietary positions during the provision of its services. From time to time, small positions result from broker errors or the inability to precisely match both sides of matched principal trades. For further details, please see section on "Market Risk" below. Its revenues are predominantly attributable to the fees and commissions based on levels of customer activity and usage of its services.

#### *Credit Risk*

IGBB enters into transactions only when executing on behalf of customers, providing customer access to clearing or providing additional fee-based services. However, there is a short-term credit exposure prior to clearing and settlements, and outstanding receivable risk that IGBB manages. The matched principal business involves IGBB acting as a counterparty on trades which are undertaken on a delivery-versus- payment basis. IGBB manages its credit risk on these transactions through appropriate policies and procedures including stringent on-boarding requirements, setting appropriate cash limits for all counterparties which are closely monitored to restrict any potential loss through counterparty default. IGBB only engages in activities which it believes will not result in loss due to credit risk.

#### *Market Risk*

IGBB defines market risk as the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices. IGBB does not actively take market risk. Where market risk does arise this is due to failures in IGBB's expected business processes, systems or human error. IGBB does not engage in proprietary trading or actively seek market exposure and actively reduces any incidental market exposure resulting from its activities as soon as reasonably practicable.

### **Capital Structure**

Prior to Completion, IGBB was financed through shareholders' equity and debt, which was provided by affiliates in the wider Nex Group. IGBB held capital and cash in individual legal entities to meet regulatory and operating requirements in conjunction with liquidity support from a US\$200 million swingline facility provided to ICAP Group Holdings and settlement facilities provided by settlement agents and clearing banks.



Under the terms of the Acquisition Agreement, IGBB was acquired with gross debt of £330 million payable to ICAP Group Holdings which was repaid on Completion.

## **Principal Activities**

Operating across 35 locations in 22 countries, IGBB provides hybrid voice interdealer broking services and complementary information services products across the following range of product groups:

### *Rates*

IGBB's Rates business comprises the broking of interest rate derivatives, government bonds and repos and is the largest asset class by revenue for IGBB. The main revenue contributors are voice/voice-electronic hybrid broking of OTC interest rate derivatives and government bonds in London, Jersey City and, to a smaller extent, Australia. IGBB's Rates business includes the electronic interest rate swap platform iSwap. In the year ended 31 March 2016, the IGBB Rates product group generated revenue of £298 million (2015: £315 million).

### *Emerging Markets*

IGBB is active in the emerging markets product group across Asia Pacific, Latin America, Central and Eastern Europe and Africa. IGBB Emerging Markets product group revenue includes domestic broking in local markets and cross-border broking activity in globally traded emerging markets financial instruments. IGBB Emerging Markets product group revenues are generated in both offshore centres and onshore centres. The largest offshore centres are London and Jersey City and the largest onshore presence is in Brazil. In the year ended 31 March 2016, the IGBB Emerging Markets product group generated revenue of £112 million (year ended 31 March 2015: £132 million).

### *Commodities*

IGBB is involved in the broking of transactions in various commodities, in particular energy (including power and electricity, oils, natural gas, coal and alternative fuels), metals and other bulk commodities. It is largely comprised of broking oils, natural gas and power in the United States and Europe. The United States business is spread across numerous locations with Jersey City and Kentucky being the largest offices. The European business is largely based in London and has smaller offices across Continental Europe including in Norway, Spain and Holland. In the year ended 31 March 2016, the IGBB Commodities product group generated revenue of £119 million (2015: £121 million).

In connection with the Transaction and in order to address a CMA proposal to refer the Transaction to a Phase 2 investigation unless suitable undertakings in lieu of reference were offered, Tullett Prebon and ICAP offered to undertake to divest ICAP's London-based oil desks (with key staff) responsible for providing brokerage services to customers based in Europe, the Middle East and Africa to INTL FCStone Limited. Such divestment of the ICAP Oil Business completed on 16 December 2016 - see "*Part III – Description of the Transaction – Divestment of the ICAP Oil Business*" of this Prospectus for further information.

### *Equities*



IGBB's Equities revenues are generated largely from equity derivatives broking in IGBB's Jersey City and London offices. In the year ended 31 March 2016, the IGBB Equities product group generated revenue of £109 million (2015: £103 million).

#### *FX and Money Markets*

IGBB's FX and Money Markets revenues are generated largely by broking FX forwards with smaller businesses in spot FX and cash deposits. These revenues are primarily generated in Jersey City and London. In the year ended 31 March 2016, the IGBB FX and Money Markets product group generated revenue of £68 million (2015: £74 million).

#### *Credit*

IGBB's Credit revenues are generated almost entirely from broking corporate bonds with a small presence in credit derivatives, largely from IGBB's Jersey City and London offices. In the year ended 31 March 2016, the IGBB Credit product group generated revenue of £35 million (2015: £63 million).

#### *IGBB Information Services*

IGBB Information Services delivers independent data solutions to financial market participants, generating subscription-based fees from a suite of products and services directly attributable to IGBB Global Broking and iSwap. Information Services charges licence fees based on financial instruments linked to proprietary indices as well as licensing other index administrators for the use of IGBB data in their indices.

### **Principal Markets**

IGBB manages its operations on a regional basis in EMEA, Americas, and Asia Pacific.

#### *EMEA*

IGBB's key offices in EMEA are in London, Frankfurt and Copenhagen. IGBB Global Broking (including iSwap) revenue in EMEA for the year ended 31 March 2016 was £331 million (year ended 31 March 2015: £374 million), representing 45 per cent. of total IGBB revenue (year ended 31 March 2015: 46 per cent.).

#### *Americas*

IGBB's key offices in the Americas are in New York, Jersey City, Houston and Sao Paulo. Global Broking (including iSwap) revenue in the Americas for the year ended 31 March 2016 was £263 million (year ended 31 March 2015: £297 million), representing 35 per cent. of total IGBB revenue (year ended 31 March 2015: 37 per cent.).

#### *Asia Pacific*

IGBB's key offices in Asia Pacific are in Singapore, Hong Kong, Tokyo, Sydney, Seoul, Jakarta, and Manila. Global Broking (including iSwap) revenue in Asia Pacific for the year ended 31 March 2016 was £96 million (year ended 31 March 2015: £96 million), representing 13 per cent. of total IGBB revenue (year ended 31 March 2015: 12 per cent.).



## **Information Technology**

IGBB deploys a number of computer and communications systems and networks to operate its broking business, including front office broking platforms available to customers and brokers to disseminate information, provide analytics and to collect and manage orders; and middle office systems to record, confirm, enrich, report, monitor, and settle trades and to calculate brokerage commission.

In the IGBB Information Services business, IGBB deploys computer and communications systems and networks to capture, cleanse and package data, and to disseminate it both in real-time and at the end of each day to customers and information vendors.

IGBB deploys back office systems for sending confirmations, invoicing customers, for financial management, for reporting trades to clearing and settlement facilities, and to support other administrative functions.

IGBB's systems form an integral part of the services offered to customers who rely upon them to facilitate their activities.

Over the last few years IGBB has made investments in the development and launch of new e-commerce, hybrid and electronic broking platforms, straight-through-processing functionality and associated technology infrastructure. IGBB's e-commerce, hybrid and electronic broking platforms provide clients with the flexibility to transact either electronically or via the business's comprehensive voice execution broker network.

The regulatory reforms to the OTC derivatives markets that have been and are being introduced in the main territories in which IGBB operates, require in some cases, the deployment of front office order management systems and middle office deal management systems with particular functionality and connectivity capability. IGBB operates two SEFs: one based in the United States (ICAP SEF (US) LLC) and one in the United Kingdom (ICAP Global Derivatives Limited) and is required to operate an electronic system to meet the minimum functionality requirements to enable all market participants to enter multiple bids and offers, to observe and receive bids and offers, and to transact on such bids and offers.

IGBB has deployed multiple systems to satisfy its regulatory compliance and business oversight requirements in the locations in which it operates. These systems provide for record keeping, compliance monitoring, trade and order surveillance and regulatory reporting.

IGBB deploys technical infrastructure to run the various platforms and systems and has established primary and secondary data centres in each of the three geographic regions in which IGBB operates. These data centres are connected through a wide area network that carries data communications at the high speed necessary for low-latency trading systems, together with sufficient bandwidth to accommodate telephone communications over the global network.



## PART III

### DESCRIPTION OF THE TRANSACTION

#### Introduction

The Transaction was structured as an acquisition by Tullett Prebon of IGBHL in consideration for the issue of new Tullett Prebon shares to the shareholders of Nex. IGBHL became the holding company of IGBB following completion of an intra-group reorganisation of ICAP which occurred prior to Completion. Upon Completion, Tullett Prebon acquired 100 per cent. of the issued share capital of IGBHL.

#### Rationale of the Transaction

The Transaction aims to position the Group as the leading inter-institutional liquidity provider in OTC products and as a nexus of product knowledge, broking experience and client relationships. The Group will play a pivotal role in the facilitation of OTC trading as a partner of choice to institutions, corporates and governments, supported by a best-in-class risk management and compliance infrastructure.

The OTC markets are facing significant change from increased regulatory and disclosure requirements, a reduction in capital that the investment banks devote to certain activities, and rising concerns about low liquidity following record levels of issuance of corporate and government bonds. Notwithstanding the current challenging market conditions, a strategic review undertaken by Tullett Prebon prior to the Transaction concluded that the central role played by interdealer brokers in providing liquidity in many asset classes across the OTC spectrum remains secure and that there are opportunities to provide that valuable service to a wider range of participants.

Tullett Prebon formed the view that the Transaction provided a unique opportunity for the Group:

- to combine the complementary strengths of two leading global hybrid voice broking franchises to create the largest player in the industry with historical revenue in excess of £1.5 billion employing over 3,000 brokers;
- to seek to achieve significant management and support cost synergies of at least £60 million (comprising savings arising from the elimination of duplicated management and support costs – see *“Management and support cost synergies”* below) by the third full year following Completion and, over time, to derive additional efficiencies in front office activities from the combination of the two businesses, which are expected to at least offset any revenue attrition. While the Transaction is expected to dilute TP ICAP’s earnings per share in the first year, the delivery of cost synergies and additional efficiencies in the second year is expected to at least offset that dilution, and the Transaction is expected to result in earnings per share accretion on a fully-phased basis;
- to accelerate the delivery of TP ICAP’s strategy, launched in June 2015, which is designed to deliver revenue and earnings growth over the medium term. In particular, the Transaction will enable the Group to develop further and faster the following specific strategic initiatives:
  - fill in “white spaces” in the Group’s brokerage coverage map, strengthening the US franchise, and giving the Group a wider network of offices in the Asia Pacific region;



- enable the Group to extend its broking offering to a broader array of clients in those products where the market is receptive, and provide platforms with intuitive user interfaces and abundant functionality in response to changing client needs;
- build the Group's activities in Energy and Commodities;
- develop the Group's information business through enriching the range and quality of its suite of products, and expanding its delivery channels. The Group has the ambition to grow its information business to global significance;
- increase the resources available to invest in technological solutions, realigning the mix between owned and outsourced platforms to maximise the Group's intellectual property and speed the delivery of a modular, streamlined approach to platform development;
- augment the Group's attractiveness as a nurturer of nascent and early-stage businesses which are seeking a supportive stage and established franchise from which to mature; and
- establish the Group as the best employer globally for talented brokers with the resources to recruit and develop the next generation of front office staff, with a culture and reputation underpinned by trust and integrity, reinforced through compensation structures that align staff with Tullett Prebon's values and the expectations of various stakeholders.

#### *Management and support cost synergies*

Through the Transaction, the Group is targeting significant cost synergies of at least £60 million by the third full year following Completion, driven by the elimination of duplicated management and support costs.

Approximately 40 per cent. of these synergies are targeted to be delivered from the Tullett Prebon Group and IGBB consolidating onto common technology platforms. The remaining synergies are targeted to be achieved from de-duplication across functions including regional management, operations, finance, facilities and legal / compliance / risk / internal audit.

The management and support cost synergies represent approximately one-sixth of the combined management and support cost base, which amounts to approximately £360 million, and are targeted to be largely realised by the second full year following Completion and fully realised by the third full year following Completion.

The Group believes that the identified cost synergies would only be possible as a result of the Transaction and could not be achieved on a standalone basis. In addition to the management and support cost synergies, the Group seeks to derive, over time, additional efficiencies in front office activities from the combination of the two businesses. Cash integration spend to achieve the cost synergies is expected to be approximately £60 million and is expected to be incurred in the first two years following Completion.

The estimated synergies reflect both the beneficial elements and the relevant costs.



## Material Contracts

In connection with the Transaction, Tullett Prebon and/or IGBB have entered into a number of material contracts entered into otherwise than in the ordinary course of business. In addition, Tullett Prebon has entered into a Syndicated Multicurrency Revolving Credit Facility Agreement. These contracts are summarised below.

### **Acquisition Agreement**

The terms of the Transaction were set out in the Acquisition Agreement originally entered into between Tullett Prebon and ICAP on 11 November 2015 and amended, restated and novated on 16 August 2016 to, amongst other things, novate the rights and obligations of ICAP under the amended Acquisition Agreement to Nex, effective on the ICAP Scheme becoming effective, and further amended on 12 October 2016. The terms include:

- *Sale and purchase*: Tullett Prebon acquired 100 per cent. of the issued share capital of IGBHL, the holding company of IGBB.
- *Consideration*: the issue of 310,314,296 new Tullett Prebon shares to Nex shareholders on Completion, comprising approximately 56 per cent. of Tullett Prebon's issued share capital (calculation on a fully diluted basis and immediately following such issuance). In addition, Tullett Prebon repaid in full a £330 million loan due from IGBHL to ICAP Group Holdings.
- *Protective covenants*: a three-year protective covenant (subject to certain exceptions) restricting ICAP from engaging (owning securities or being involved in day-to-day management) in voice broking services in a territory where IGBB operates or has business at the time of Completion.
- *Non-solicit obligations*: mutual non-solicit obligations in respect of certain employees (subject to certain exceptions) for a period up to three years from Completion.
- *Warranties*: customary warranties (subject to customary limitations) given by ICAP to Tullett Prebon and warranties (also subject to customary limitations) given by Tullett Prebon to ICAP, as well as customary covenants, undertakings and conditions for a transaction of this nature (warranty claims are subject to *de minimis*, aggregate claims thresholds and cap and time limits for bringing a claim).
- *Indemnities*: ICAP has provided an indemnity for: (i) the re-organisation of the IGBB business prior to Completion; and (ii) certain known regulatory, litigation and employment claims, in each case subject to certain limitations. ICAP has also provided an indemnity for losses incurred by the Group in connection with the transfer of the ICAP Oil Business. In addition, although it is intended that any liability in respect of the ISDA Fix investigation (see further "*Regulation and Litigation*" below) will be retained by ICAP, the Issuer has the benefit of an indemnity for any residual liability as a result of ISDA Fix on any member of the Group.
- *True-ups* True-up mechanisms oblige ICAP to make a payment to TP ICAP if, following Completion, the amounts of regulatory capital, regulatory liquidity, liquid net assets, consolidated cash or consolidated net assets are less than certain pre-agreed amounts set out in the Acquisition Agreement, provided that the amount of any true-up payment made in respect of consolidated cash or consolidated net assets shall be reduced by the aggregate amount of true-up payments made in respect of regulatory capital, regulatory liquidity and liquid net assets.



On 16 August 2016, Tullett Prebon plc, ICAP and Nex entered into a deed of amendment, restatement and novation in order to, amongst other things: (i) amend and restate the Acquisition Agreement, effective immediately; and (ii) novate the rights and obligations under the amended Acquisition Agreement to Nex, effective on the ICAP Scheme becoming effective.

On 2 December 2016, ICAP, Nex and TP ICAP agreed a second amendment to the Acquisition Agreement, pursuant to which ICAP provided an indemnity to TP ICAP for certain losses that could arise under certain activities undertaken historically by IGGB. In addition, the parties agreed to amend the target consolidated cash figures to change the target amount of cash that IGGB was to be transferred from ICAP to TP ICAP with, from £330 million to £355 million. The parties also agreed that ICAP would have the benefit of dividends to be declared after Completion by some of its joint ventures and associate companies pro-rated (if necessary) for the financial year up to Completion. TP ICAP has an obligation to procure that members of the Group take all reasonable steps to effect the declaration and payment of those dividends by such entities.

On 15 December 2016, the ICAP Scheme became effective pursuant to which Nex was introduced as the new listed holding company of the Nex Group, and each of ICAP's rights and obligations (including those described above) under the Acquisition Agreement were novated to Nex.

### ***Divestment of ICAP Oil Business***

Following an announcement on 7 June 2016 by the CMA that it would refer the Transaction to a Phase 2 investigation unless suitable undertakings were offered, Tullett Prebon and ICAP undertook to divest the ICAP Oil Business to a suitable purchaser, to be approved by the CMA. Tullett Prebon and ICAP subsequently proposed INTL FCStone Limited ("**INTL FCStone**") as the purchaser of the ICAP Oil Business.

On 28 July 2016, ICAP and INTL FCStone entered into a framework agreement for the sale and purchase of ICAP's global broking EMEA Oils business (the "**Framework Agreement**"). Pursuant to the Framework Agreement, it was agreed that INTL FCStone would purchase ICAP's global broking EMEA Oils business comprising ICAP's London-based and ancillary Singapore-based and New York-based desks responsible for providing broking services in relation to fuel oil, crude oil, middle distillates, oil futures and options carried on by ICAP's front office broking employees, along with the associated goodwill and business records of such business.

On 2 August 2016, the CMA announced that it considered the proposed undertakings to be appropriate to remedy its competition concerns, and that it had accepted them in principle. On 5 September, ICAP and INTL FCStone entered into an amendment and restatement deed in respect of the Framework Agreement (the "**Amended Framework Agreement**"). The Amended Framework Agreement extended the date on which completion of the transfer of ICAP's global broking EMEA Oils business to INTL FCStone under the terms of the Framework Agreement ("**Oil Business Completion**") would take place. This was to allow, as far as possible, sufficient customers to on-board at INTL FCStone.

On 16 December 2016, ICAP announced the completion of the disposal of the ICAP Oil Business to INTL FCStone Limited.

The Group is also protected by an indemnity to Tullett Prebon for losses incurred arising out of or based upon, whether directly or indirectly, the ICAP Oil Business and the transfer of the ICAP Oil Business, including without limitation any act, omission, breach or default of any party in relation to any employees transferred pursuant to, or otherwise affected by, the transfer of the ICAP Oil



Business in any jurisdiction and any failure by any party to comply with the Transfer of Undertakings (Protection of Employment) Regulations 2006 or other employment legislation in any jurisdiction.

### ***Transitional Services Agreements***

On 1 December 2016, IGBB and ICAP Group Holdings entered into two Transitional Services Agreements pursuant to which (i) ICAP Group Holdings will provide IGBB with the use of or access to certain resources that were retained by Nex Group as at Completion (such agreement including any amendments made from time to time, the “**TSA**”), and (ii) IGBB will provide ICAP Group Holdings with the use of or access to certain resources that are owned or controlled by IGBB as at Completion (such agreement including any amendments made from time to time, the “**RTSA**”).

The key terms and conditions of the Transitional Services Agreements include:

- each Transitional Services Agreement will remain in effect until migration, subject to certain long-stop dates on the individual services (which, in the case of services received by IGBB, may be extended in certain circumstances);
- the parties will agree migration plans and perform certain activities to migrate each business away from its dependency on the transitional services;
- the Services are to be provided on an “as is” basis, i.e. to the same standard as provided in the previous 12 months;
- the charges for the services under the Transitional Services Agreements are fixed and based on the intra-group allocations of costs and the re-charging model in place during the 12 months prior to Completion, subject to changes in scope of services;
- the total charges payable by IGBB may not exceed the total cost of operating IGBB as advised by Nex under the Acquisition Agreement, and the total charges payable by ICAP Group Holdings for the first 12 months of the RTSA may not reduce below £2.3 million; and
- ICAP Group Holdings will be responsible for seeking any third party consents necessary to enable provision of services under the Transitional Services Agreements to IGBB, and by IGBB to ICAP Group Holdings.

### ***Transitional Services Agreement (TSA)***

The scope of services under the TSA (the “**TSA Services**”) include:

- (1) access to Nex Group premises in the Nex Group’s London, New York and Singapore offices and typical office facilities such as postal, security and cleaning services;
- (2) IT infrastructure support comprising the monitoring of the IT network requirements to sustain availability, managing capacity, configuring and managing IT assets, IT change management, service reporting and providing helpdesk support;
- (3) a help-desk facility providing IT systems functional, technical and end-user support for the IGBB business;



- (4) access to and support for three financial systems (Oracle Financials / Hyperion product suite (including OBIEE), Insight/GLWand and Cognos Disclosure Management);
- (5) network and data centre hosting in seven locations across Singapore, the United Kingdom and the USA;
- (6) support and information from Nex Group personnel in relation to the transferring data distribution and licensing business (e.g. (i) sales support in relation to existing business relationships and new sales opportunities; (ii) assistance in providing details of current product offerings and any changes to those offerings; (iii) operations and Q&A support in relation to customer connectivity and technical issues; (iv) management support from the sales and business director in the US for a period of up to three months; and (v) technical support, including the provision of all information and code relating to the technical support of the relevant systems);
- (7) access to benchmarking information and related support services for the following indices: ICAP € Interest Rates Swap Index, Constant Maturity Mortgages Index and Tankard; and
- (8) administration of certain third party benefit contracts that US-based employees of the IGBB business benefit from and that new US-based employees of the IGBB business will benefit from.

*Dependencies:* Each TSA Service, where applicable, will list the dependencies that IGBB, as the service recipient, must perform to enable ICAP Group Holdings to provide that TSA Service. A failure by IGBB to perform a dependency will relieve ICAP Group Holdings from its obligation to provide the affected TSA Service(s) to the extent such failure prevents ICAP Group Holdings from doing so. For three months after Completion, ICAP Group Holdings will have the right to add dependencies not specified in the TSA, but only if that dependency was performed by IGBB during the 12 months prior to the date of the TSA and is a dependency that only IGBB can carry out. The TSA contains an acknowledgement that IGBB's ability to perform the dependencies is itself dependent on it having inherited the resources necessary to do so by Completion. IGBB will be relieved from its obligations to perform a dependency to the extent its failure to do so is a result of it not having access to the required resources as at Completion, and ICAP Group Holdings will, in such a situation, not be relieved from its duty to perform the affected TSA Service(s).

*Charges:* The TSA charges are specified in each of the services schedules. Nex warrants in the Acquisition Agreement that the charges applied are consistent with the Nex Group's cost allocation model during the 12 month period prior to the date of the TSA. The total charges payable by IGBB under the TSA, taken together with the total cost of operating IGBB, may not exceed the total cost of operating IGBB as advised by Nex under the Acquisition Agreement.

*Service terms / costs ratchet:* Each TSA Service has a pre-determined initial service term of either six or twelve months after Completion (the "**TSA Service Initial Service Term**") (except in relation to (i) facilities access and associated services, where the TSA Service Initial Service Term will end on termination or expiry of the relevant underlying lease; and (ii) administration services relating to certain third party benefit contracts of US-based employees of the IGBB business, where the TSA Service Initial Service Term will end on 31



December 2017). If a TSA Service is extended beyond the TSA Service Initial Service Term by more than three months, and the extension is because of IGBB's failure to comply with its TSA Migration Plan (defined below) obligations or due to changes IGBB has made to the TSA Migration Plan, a 2.5 per cent. costs ratchet will apply to the TSA Service from the fourth month after the expiry of the TSA Service Initial Service Term, increasing monthly up to a 15 per cent. cap. IGBB will also be responsible for increased costs reasonably incurred by ICAP Group Holdings in extending the term of the relevant TSA Service(s).

*Migration / long-stop dates:* The parties will be required to work co-operatively to facilitate migration away from the TSA Services in accordance with an agreed plan ("**TSA Migration Plan**"). ICAP Group Holdings will provide migration assistance to IGBB in respect of each TSA Service until IGBB has successfully migrated away from that TSA Service. IGBB has the right to extend any of the TSA Services up to a specific long stop date for the relevant service, which is 24 months after Completion (except in relation to (i) facilities access and associated services, where the long stop date is on expiry of the relevant underlying lease; (ii) network and data centre hosting services, where the long stop date is 36 months after Completion; and (iii) administration services relating to certain third party benefit contracts of US-based employees of the IGBB business, where the long stop date is 31 December 2017) ("**TSA Long-Stop Date**"). IGBB can request an extension of a TSA Service beyond TSA Long-Stop Date, unless the reason for the extension is wholly or mainly IGBB's failure to comply with its obligations under the TSA Migration Plan. If IGBB requests an extension of a TSA Service beyond the TSA Long-Stop Date, and ICAP Group Holdings reasonably believes that migration away from that service could have been achieved by IGBB by the TSA Long-Stop Date, the parties will meet to agree an extension date and, if they are unable to do so, will refer the matter to an expert to decide whether or not the extension is due to IGBB's failure to comply with its TSA Migration Plan obligations or due to changes IGBB has made to the TSA Migration Plan (in which case the extension would not be permitted).

*Third party agreements / consents:* ICAP Group Holdings is responsible for obtaining the third party consents required to provide the TSA Services, at its own cost. If a third party agreement expires or is terminated or revoked, ICAP Group Holdings shall be responsible at its own cost for implementing an alternative solution. If the term of a TSA Service is extended, and (further) third party consents are required, ICAP Group Holdings is responsible for obtaining these at its own cost unless the reason for the extension is wholly or substantially due to IGBB's failure to comply with its obligations under the TSA Migration Plan, in which case IGBB will reimburse ICAP Group Holdings for these costs. If ICAP Group Holdings is unable to obtain a third party consent required to provide a TSA Service by Completion, the parties will meet and discuss the necessary changes to the TSA Services in good faith.

*Subcontracting / subcontractor risk:* ICAP Group Holdings is not liable for the performance of third parties to whom the performance of the TSA Services is subcontracted. However, if it recovers amounts from a third party supplier following a breach it shall pass a pro rata amount to IGBB. If ICAP Group Holdings does not pursue a third party supplier for losses and it is subsequently established (by an expert) that such losses were recoverable, ICAP Group Holdings will be liable to IGBB for the recoverable losses (capped at £25 million).

*Liability caps:* ICAP Group Holdings' liability under the TSA and any local services agreements (taken together) is capped at £5 million (excluding losses arising as a result of third party supplier failure). Subject to that overall cap, in respect of a claim by IGBB for loss of profits,



ICAP Group Holdings' liability is capped at £2.5 million. IGBB's liability under the TSA and any local services agreements (taken together) is capped at £1.5 million.

*Termination rights:* Each service can be terminated by IGBB (in whole or in part) on an agreed notice period. Termination in part is only permitted to the extent the terminated part is not a dependent service for other services not terminated. The TSA may be terminated by one party if the other commits, and fails to remedy, a material breach.

#### *Reverse Transitional Services Agreement (RTSA)*

The scope of services that will be provided by IGBB to ICAP Group Holdings from Completion (the "**RTSA Services**") are:

- (1) access to IGBB premises in IGBB's Jersey City, New Jersey and Manila offices and typical office facilities such as postal, security and cleaning services;
- (2) IT infrastructure support comprising the monitoring of the IT network requirements to sustain availability, managing capacity, configuring and managing IT assets, IT change management, service reporting and providing incident and problem management through a helpdesk support function;
- (3) a help-desk facility providing IT systems functional, technical and end-user support for the Nex Group business;
- (4) network and data centre hosting in thirteen locations across Australia, Hong Kong, Singapore, the United Kingdom, the USA, the Philippines and China;
- (5) data governance support services from IGBB's GCD (Global Customer Data) database, including managing, updating and distributing customer information;
- (6) assistance from a limited number of employees transferring with IGBB (equating to 100 per cent. of their time) to provide sales support and operational management to ICAP's RESET operations in the Philippines;
- (7) trade processing support for non-US Treasury Products through the RESET risk mitigation services; and
- (8) assistance from four employees transferring with IGBB (equating to 33 per cent. of their time) with the planning, implementation and execution of the Nex Group's annual charity event.

*Dependencies:* Each RTSA Service, where applicable, will list the dependencies that ICAP Group Holdings, as the service recipient, must perform to enable IGBB to provide that service. A failure by ICAP Group Holdings to perform a dependency will relieve IGBB from its obligation to provide the affected RTSA Service(s) to the extent such failure prevents IGBB from doing so. During the term of the RTSA, IGBB will have the right to add dependencies not specified in the RTSA if required to be performed by ICAP Group Holdings to enable IGBB to provide an RTSA Service, where those dependencies were performed by the Nex Group in the ordinary course during the 12 months prior to Completion.



*Charges:* The RTSA charges are specified in each of the services schedules. Nex warrants in the Acquisition Agreement that the charges applied are consistent with the Nex Group's cost allocation model during the 12 month period prior to the date of the agreement, subject to an additional margin of 20 per cent.

*Service terms / costs ratchet:* Each RTSA Service has a pre-determined initial service term of either six or twelve months after Completion (an "**RTSA Service Initial Service Term**") (except in relation to (i) facilities access and associated services, where the RTSA Service Initial Service Term will end on termination or expiry of the relevant underlying lease; (ii) assistance from certain IGBB employees to provide sales support and operational management to ICAP'S RESET operations in the Philippines, where the RTSA Service Initial Service Term ended on 31 December 2016; (iii) network and data centre hosting services, where the long stop date is 36 months after Completion and (iv) assistance from certain IGBB employees for the planning, implementation and execution of the Nex Group's annual charity event, where the RTSA Service Initial Service Term will end 6 months after Completion). If an RTSA Service is extended beyond its RTSA Service Initial Service Term by more than three months, then unless the extension is required due to IGBB's failure to comply with its RTSA Migration Plan obligations (defined below), a 2.5 per cent. costs ratchet will apply to the receipt of that service from the fourth month after the expiry of the RTSA Service Initial Service Term, increasing monthly up to a 15 per cent. cap. ICAP Group Holdings will also be responsible for increased costs reasonably incurred by IGBB in extending the term of the relevant RTSA Service(s).

*Migration / long-stop dates:* The parties will be required to work co-operatively to facilitate migration away from the RTSA Services in accordance with an agreed plan ("**RTSA Migration Plan**"). ICAP Group Holdings has the right to extend any of the RTSA Services beyond its RTSA Service Initial Service Term up to a specific long stop date for the relevant service, which is either 12, 18 or 24 months after Completion (except in relation to (i) facilities access and associated services, where the long stop date is on expiry of the relevant underlying lease; (ii) assistance from certain IGBB employees to provide sales support and operational management to ICAP'S RESET operations in the Philippines, where the long stop date was 31 December 2016; (iii) network and data centre hosting services, where the long stop date is 36 months after Completion and (iv) assistance from certain IGBB employees for the planning, implementation and execution of the Nex Group's annual charity event, where the long stop date is 6 months after Completion) ("**RTSA Long-Stop Date**"). IGBB does not have to provide that service or migration assistance in respect of a service beyond its RTSA Long-Stop Date, unless the delay is wholly or mainly attributable to a failure of IGBB to meet its obligations under the RTSA Migration Plan.

*Third party agreements / consents:* ICAP Group Holdings is responsible for obtaining the third party consents required for IGBB to provide the RTSA Services with effect from Completion, at its own cost. IGBB is responsible for obtaining third party consents if IGBB changes the way that it provides the RTSA Services after Completion. If a third party agreement is terminated by IGBB or IGBB elects not to renew it, and IGBB is at that time still providing RTSA Services to ICAP Group Holdings, then IGBB will be responsible at its own cost for implementing an alternative solution. If a third party agreement is terminated or revoked by the third party supplier (other than as a result of IGBB breach), IGBB shall have no obligation to provide the affected service(s) but shall assist ICAP Group Holdings in finding an alternative (and may pass on a pro rata increase in the cost of implementing that alternative). If the term of an RTSA Service is extended because of changes IGBB has made to the RTSA



Services, or because of IGBB's failure to comply with its obligations under the RTSA Migration Plan, and (further) third party consents are required, IGBB is responsible for obtaining these at its own cost. If ICAP Group Holdings is unable to obtain a third party consent required by the Issuer to provide an RTSA Service by Completion, the parties will meet and discuss the necessary changes to the RTSA Services in good faith.

*Subcontracting / subcontractor risk:* IGBB can subcontract the provision of the RTSA to a third party (i.e. including its existing supply chain as part of its business integration) provided that the third party has not been involved in material legal proceedings against a member of the Nex Group in the past three years. IGBB is not liable for the performance of third parties to whom the performance of the RTSA Services is subcontracted. However, if it recovers amounts from a third party supplier following a breach it shall pass a pro rata amount to ICAP Group Holdings. If IGBB does not pursue a third party supplier for losses and it is subsequently established (by an expert) that such losses were recoverable, IGBB will be liable to ICAP Group Holdings for the recoverable losses (capped at £25 million).

*Liability caps:* IGBB's liability under the RTSA and any local services agreements (taken together) is capped at £5 million (excluding losses arising as a result of third party supplier failure). Subject to that overall cap, in respect of a claim by ICAP Group Holdings for loss of profits, IGBB's liability is capped at £2.5 million. ICAP Group Holdings' liability under the TSA and any local services agreements (taken together) is capped at £1.5 million.

*Termination rights:* Each RTSA Service can be terminated by ICAP Group Holdings on an agreed notice period. The RTSA may be terminated by one party if the other commits, and fails to remedy, a material breach. ICAP Group Holdings cannot terminate an RTSA Service in part unless permitted to do so by IGBB.

### **Tax Deed**

On 30 December 2016, a Tax Deed was entered into pursuant to which Nex, subject to certain exclusions and financial limits, has indemnified the Issuer for any tax liabilities of IGBHL and its subsidiaries relating to the period on or before Completion. The financial limits are a *de minimis* of £500,000, a threshold of £10,000,000 (where the whole amount is payable when the threshold has been exceeded), and an overall cap of £300,000,000 (subject to certain adjustments) which applies to the aggregate of claims under the Tax Deed and warranty claims by the Issuer under the Acquisition Agreement.

If the balance sheet as at Completion overprovides for tax, Nex will be entitled to the benefit of the overprovision, but only by way of set-off/repayment of amounts owing/paid under the Tax Deed or under certain tax related warranties. Similar principles apply to tax refunds and tax benefits that only arise as a result of a matter that gives rise to a claim under the Tax Deed.

Under the Tax Deed, the Issuer will indemnify Nex for secondary tax liabilities falling on the Nex Group, where the Group has the primary liability for such tax (excluding tax for which Nex indemnifies the Issuer under the Tax Deed).

The Tax Deed also provides that the Issuer will generally be responsible for pre-completion tax affairs of IGBHL and its subsidiaries (such as the filing of returns). Nex is entitled to take the conduct of matters that have the potential to give rise to a liability of Nex under the Tax Deed.



### **Bridge Facility Agreement**

The Issuer entered into a £470,000,000 term loan facility agreement (the “**Bridge Facility**”) dated 11 November 2015. The Bridge Facility was made available for (i) the payment of acquisition costs of the acquisition of IGBB, to refinance the debt of IGBHL and its subsidiaries, to repay amounts due in respect of certain notes issued by Tullett Prebon Group Holdings plc and the Issuer and amounts outstanding under the Issuer’s existing revolving facilities.

The Bridge Facility contains customary provisions as regards interest and fees chargeable, term and repayment, mandatory and voluntary prepayment, customary indemnities, undertakings, representations and warranties. The Issuer is required to comply with certain negative covenants (including relating to creation of security, financial indebtedness, disposals, acquisitions and change in business) and to maintain specified financial ratios in relation to consolidated total net borrowings to consolidated EBITDA, and consolidated EBIT to consolidated net interest payable.

The initial term of the Bridge Facility Agreement expired on 31 December 2016. TP ICAP exercised its option to extend the Bridge Facility Agreement by 6 months to 31 June 2017 and a further to extend the Bridge Facility Agreement a further 6 months to 31 December 2017.

### **Syndicated Multicurrency Revolving Credit Facility Agreement**

The Issuer entered into a £150,000,000 multicurrency revolving credit facility (the “**RCF**”) and a £50,000,000 swingline facility (the “**Swingline Loans**”) dated 2 April 2015 as borrower (the “**Facilities Agreement**”). The Facilities Agreement contains an accordion option which, when exercised by the Issuer, allows the Issuer to increase the RCF and the Swingline Loans. Such an option was exercised by the Issuer on 11 November 2015 pursuant to which the RCF was increased to £250,000,000 and the swingline facility was increased to £100,000,000, in each case on 16 December 2015.

The RCF is made available for (i) general corporate purposes of the 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.

The Facilities Agreement contains customary provisions relating to interest and fees chargeable, the term of drawdowns, repayment, mandatory and voluntary prepayment and final maturity (presently April 2019, unless extended by agreement between the parties under the terms of the Facilities Agreement). In addition, the Facilities Agreement contains certain customary indemnities, events of default, undertakings, representations and warranties given by the Issuer, and requires the Issuer to comply with certain negative covenants (including relating to creation of security, financial indebtedness, disposals, acquisitions and change in business) and to maintain specified financial ratios in relation to consolidated total net borrowings to consolidated EBITDA, and consolidated EBIT to consolidated net interest payable.



## PART IV

### REGULATION AND LITIGATION

*See also "Risk Factors - Risks Relating to the Industry in which the Group operates -The Group may not detect, deter or prevent employee misconduct, employee errors or fraudulent activity and may suffer financial loss either directly or as a consequence of damage to its reputation" and "Risk Factors - Risks Relating to the Transaction - The Group may suffer reputational or financial losses arising from historical issues arising in IGBB, including those that have not been disclosed to the Issuer, or Nex may be unable to fulfil its obligation to indemnify the Group for any liability arising as a result of the implementation of an intra-group reorganisation of Nex or in respect of specific regulatory investigations or litigation, including ISDA Fix".*

#### **Own Funds Requirements – Consolidation Waiver**

Prior to Completion, the Tullett Prebon Group was not required to meet the own funds requirements on a consolidated basis under CRD IV (as defined below), as it was eligible for and had obtained a derogation from the application of own funds requirements on a consolidated basis (the "**Waiver**") in accordance with Article 15 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended (known as the "**Capital Requirements Regulation**" or "**CRR**" and, together with the CRD, "**CRD IV**"). Under the terms of the Waiver, the Issuer, as a standalone legal entity, was required to maintain financial resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Tullett Prebon Group. As of 31 December 2015, the Issuer held £761 million in excess of the Tullett Prebon Group's solo notional capital resources requirements.

To be eligible for the Waiver each investment firm within the Tullett Prebon Group was required to fall within either of the categories set out in Article 95(1) or Article 96(1) of the CRR and each EU investment firm in the Tullett Prebon Group was required to meet its own relevant funds requirements. Under the terms of the Waiver the Tullett Prebon Group was also required to eliminate the excess of its own funds requirements compared with its own funds on a consolidated basis ("**excess goodwill**") over the ten year period to 24 September 2024. The amount of the excess goodwill was required not to exceed the amount determined as at the date the Waiver took effect and was required to be reduced in line with a schedule over the ten years, with the first reduction of 25 per cent. required to be achieved by March 2017. The Waiver also set out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

Following Completion, the FCA granted a new waiver to the relevant firms in the Group as from the point of Completion (the "**New Waiver**") which took effect on Completion with a duration of ten years. Consistent with the previous Waiver, under the terms of the New Waiver, each investment firm within the Group must fall within either of the categories set out in Article 95(1) or Article 96(1) of the CRR, each EU investment firm in the Group must meet its own relevant funds requirements, and the Issuer, as a standalone legal entity, must continue to maintain financial resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Group. Under the terms of the New Waiver, the Group must eliminate its excess goodwill over the ten year period following Completion. The amount of excess goodwill must not exceed the amount determined as at the date the New Waiver took effect (which was £400 million) and must be reduced in line with a schedule over the ten years, with the first reduction of 25 per cent. required to be achieved after two and a half years following Completion. The terms of the New Waiver include



conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

## ***Litigation***

### **Tullett Prebon**

The Issuer is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, with no commercial rationale or economic purpose, on which brokerage is paid and trades on which brokerage may have been improperly charged. As part of its investigation the FCA is considering the extent to which during the relevant period (i) the Issuer's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of the Issuer's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is on-going, any potential liability arising from it cannot currently be quantified.

### **IGBB**

#### *Yen LIBOR Case*

In February 2015 the European Commission imposed a fine of £11 million (€14.9 million) on ICAP for alleged competition violations in relation to Yen LIBOR, in respect of the same underlying matters that IEL settled with the FCA and the CFTC. ICAP has appealed and is seeking a full annulment of the Commission's decision.

On 25 September 2013, IEL reached settlement agreements with the FCA and the CFTC relating to the involvement of some of IEL's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. Under the terms of the settlements, IEL agreed to pay penalties of £14 million to the FCA and US\$65 million to the CFTC. The European Commission announced a Euro 14.9 million fine for the same conduct on 4 February 2015 which currently is the subject of an appeal by ICAP seeking a full annulment of the decision.

The Nex Group continues to co-operate with government agencies in Europe and the US relating to their investigations into the setting of Yen LIBOR. This includes the Nex Group having worked closely and co-operated fully with an investigation by the US Department of Justice. The US Department of Justice has not taken action against IEL nor any other IGBB company to date and based on the Nex Group's present assessment of this matter, no provision has been made. It is not possible to predict the ultimate outcomes of these inquiries or to provide an estimate of any potential financial impact on IGBB.

#### *Euroyen TIBOR Case*

In addition, in April 2013 ICAP plc was added as a defendant to an existing civil litigation originally filed in April 2012 against certain Yen LIBOR and Euroyen TIBOR panel banks in the US District Court for the Southern District of New York. The complaint alleges that the plaintiff, who traded positions in Euroyen TIBOR futures contracts, was injured as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by certain panel banks and interdealer brokers. The Court dismissed the plaintiff's antitrust and unjust enrichment claims, but upheld the plaintiff's claim for purported manipulation under the Commodity Exchange Act.



ICAP was subsequently dismissed from the litigation for lack of personal jurisdiction in March 2015. The Court issued an order permitting the plaintiff to add new defendants to the action, including IEL. The plaintiff filed a new amended complaint on 18 December 2015 which went beyond what the Court permitted, and that complaint was subsequently struck out by the Court on 8 January 2016. The plaintiff was then required to submit a request to the Court proposing amendments to the complaint and the defendants were permitted to respond to that request. On 19 February 2016, the Court issued an order denying certain proposed amendments as futile and permitting other portions of the amendments to be filed. Plaintiffs thereafter amended their complaint adding IEL as a defendant, and motions to dismiss that complaint were filed on 16 May 2016. Other plaintiffs have filed a related complaint, which includes IEL and ICAP as defendants, and also alleges injury as a result of the purported manipulation of Yen LIBOR and/or Euroyen TIBOR by panel banks and interdealer brokers. Defendants, including ICAP and IEL, filed motions to dismiss for lack of personal jurisdiction, lack of subject matter jurisdiction and failure to state a claim on 1 February 2016. A conference hearing took place before the Court on 7 April 2016 to address a motion filed by plaintiffs seeking preliminary approval of settlements reached with two defendants and conditional certification of a settlement class of plaintiffs. Oral argument on the motion to dismiss the related case was heard on 5 May 2016. Briefing was completed on the motions to dismiss the original action on 16 August 2016 and oral argument took place on 25 October 2016. The parties await a decision, which the Court indicated it will endeavour to issue by 24 January 2017.

#### *US dollar LIBOR Cases*

ICAP was named, amongst several LIBOR panel banks and two other interdealer brokers, as a defendant in two civil filings made in August 2013 in the United States District Court for the Southern District of Iowa, primarily concerning US dollar LIBOR. The cases were subsequently transferred to the United States District Court for the Southern District of New York for coordination with a pre-existing multi-district litigation regarding alleged manipulation of US dollar LIBOR. Amended complaints were filed on 6 October 2014 and ICAP was removed as a defendant to the actions. However, plaintiffs in a different, but related, class action in the multi-district litigation in the Southern District of New York are now seeking leave to amend their complaint to include new defendants, including ICAP and IEL. ICAP along with several other new and existing defendants have filed letters with the court opposing this amendment. On 12 January 2016, the Judge issued an order directing the plaintiffs to create and provide to the Court by 19 January 2016, a defendant-by-defendant compilation of all new allegations proposed to be added to the complaint along with additional materials in order to provide clarity as to which claims and allegations have already been dismissed. Defendants provided a letter response to the Court on 29 January 2016. On 15 April 2016, the Judge denied the plaintiffs' request on the grounds that the Court lacked personal jurisdiction, with the result that ICAP and IEL will not be added to the US dollar litigation.

#### *EURIBOR manipulation Case*

In 2013, a civil class action was filed in the United States District Court for the Southern District of New York against a number of banks asserting claims of EURIBOR manipulation. On 13 August 2015, the plaintiffs filed a fourth amended complaint adding new defendants including ICAP and IEL. Defendants have briefed motions to dismiss for failure to state a claim and lack of jurisdiction, which were fully submitted as of 23 December 2015. It is not possible to predict the outcome of this litigation or to provide an estimate of any potential liability or financial impact on IGBB.



### *Bank Bill Swap Reference Rate*

On 16 August 2016, a new litigation was filed in the United States District Court for the Southern District of New York naming ICAP and ICAP Australia Pty LTD ("**IAPL**") as defendants along 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. The parties have agreed on a stipulation whereby (i) plaintiffs had until 16 December 2016 to file an amended complaint, which they have duly filed (ii) defendants have until 24 February 2017 to file motions to dismiss the amended complaint, (iii) plaintiffs' opposition to the motions is due 28 April 2017, and (iv) defendants' replies to plaintiffs' opposition are due 25 May 2017. ICAP and IAPL intend to defend the litigation vigorously.

### *Swaps Market Collusion Cases and ISDA Fix Cases*

The Nex Group is also involved in certain litigation in relation to the interest swaps market and manipulation of the ISDA Fix rate. Please see "*Risk Factors – The Group may not detect or prevent employee misconduct, employee errors or fraudulent activity and may suffer financial loss either directly or as a consequence of damage to its reputation*".

### *Other*

From time to time the Nex Group is engaged in litigation in relation to a variety of matters that relate to IGBB, and is also frequently required to provide information to regulators and other government agencies as part of informal and formal inquiries or market reviews. It is not possible to determine the final outcome of these litigations or to provide an estimate of any potential liabilities, but currently there are none that are expected to have a significant effect on IGBB's financial position or profitability.

Save as provided above, the litigation disclosed with respect to IGBB is retained by the entities to which they relate and transferred to the Group upon Completion. However, Tullett Prebon has the benefit of an indemnity which Nex has agreed to provide in respect of certain known regulatory, litigation and employment claims (in each case subject to certain limitations), including certain of the claims disclosed above.



## ALTERNATIVE PERFORMANCE MEASURES

The Issuer considers the following metric (which is referred to in this Prospectus) to constitute an alternative performance measure:

Metric	Definition	Rationale for inclusion
<b>Underlying Operating Profit Margin Percentage</b>	Financial metric to express, as a percentage, the ratio of revenue which is underlying operating profit.	The metric provides information on the underlying profitability of the Issuer or IGBB, as appropriate.



## TAXATION

### General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

### United Kingdom Taxation

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice at the date of this Prospectus relating only to United Kingdom withholding tax treatment of payments of principal and interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

### Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding for or on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are, and continue to be, listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000, as amended) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are, and remain, so listed on a recognised stock exchange, interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law. Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France,



Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “FATCA”, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under Condition 17) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.



## SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the "Programme Agreement") dated 6 January 2017, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and U.S. Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as



principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***General***

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



## GENERAL INFORMATION

### 1. Authorisation

The establishment and ongoing maintenance of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 8 December 2016 and a resolution of a duly authorised Committee of the Board of Directors of the Issuer dated 4 January 2017.

### 2. Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the United Kingdom Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 11 January 2017.

### 3. Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the articles of association of the Issuer;
- (b) the consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2014 and 31 December 2015, in each case together with the audit reports prepared in connection therewith;
- (c) the Financial and Interim Management Report for the six months ended 30 June 2016 of the Issuer;
- (d) the 2016 Equity Prospectus and the May 2016 Supplementary Prospectus;
- (e) ICAP's Half year results for the six months ended 30 September 2016;
- (f) the Issuer's Interim Trading Update published on 4 November 2016 for the period from 1 July 2016 to 30 September 2016;
- (g) the announcement entitled "*Pre Close Statement*" made by the Issuer on 6 January 2017 in respect of the revenues of the Tullett Prebon Group for the financial year ended 31 December 2016;
- (h) the most recently published audited annual financial statements of the Issuer and, if later, the most recently published unaudited interim financial statements (if any) of the Issuer (in each case together with any audit or review reports prepared in connection therewith);
- (i) the Programme Agreement, the Trust Deed, the Agency Agreement, the ICSD Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;



- (j) a copy of this Prospectus; and
- (k) any future prospectuses, supplements and Final Terms to this Prospectus and any other documents incorporated herein or therein by reference.

#### **4. Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

#### **5. Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

#### **6. Significant or Material Change**

Save as disclosed under "*Description of the Issuer and the Group – Description of the Transaction*" herein, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2016 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2015.

#### **7. Litigation**

Save as disclosed under "*Description of the Issuer and the Group – Regulation and Litigation*" herein, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

#### **8. Auditors**

The auditors of the Issuer are Deloitte LLP, Chartered Accounts, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2014 and 31 December 2015, respectively, in each case as incorporated by reference in this Prospectus.

The auditors of the Issuer have no material interest in the Issuer.

#### **9. Dealers transacting with the Group**

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for members of the Group and their respective affiliates in the ordinary course of business.



Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Group and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



## ISSUER

### TP ICAP plc

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## DEALERS

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London E14 5HQ

### Lloyds Bank plc

10 Gresham Street  
London EC2V 7AE

### Merrill Lynch International

2 King Edward Street  
London EC1A 1HQ

### The Royal Bank of Scotland plc (trading as NatWest Markets)

250 Bishopsgate  
London EC2M 4AA

## TRUSTEE

### U.S. Bank Trustees Limited

Fifth Floor, 125 Old Broad Street  
London EC2N 1AR

## PRINCIPAL PAYING AGENT AND TRANSFER AGENT

### Elavon Financial Services DAC, U.K. Branch

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## REGISTRAR, PAYING AGENT AND TRANSFER AGENT

### Elavon Financial Services DAC

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## LEGAL ADVISERS

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*To the Dealers and the Trustee as to English law*

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## AUDITORS

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