

# Annex 1: Market Tech placing chronology

## Newton

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### 8 July 2015

On the day before the books closed:

- 16:56: Newton (*NFM1*) wrote to Canaccord (*[name]*, *[title]*) in relation to the Market Tech placing: *'we are definitely in but our level is 210...bearing in mind today's tax changes and teddy's huge book profit...and the low level of this raise vs mkt cap/NAV'*.<sup>1</sup>
- 17:05: Canaccord (*[name]*) responded: *'thanks NFM1. Other indications start at 225 with the majority at 230p as it stands'*.<sup>2</sup> He also added: *'For me to argue for any downward movement in price I would need a pretty knockout order to be honest. [Senior officer] seems pretty set on 230p at the moment'*.<sup>3</sup>

### 9 July 2015

On the morning of the day that the books closed, 9 July 2015, Newton (*NFM1*) called Hargreave Hale and RAMAM to discuss the valuation of Market Tech.

- 09:57: Newton (*NFM1*) called RAMAM (*RM FM*). The FCA does not have a recording of this conversation.<sup>4</sup> *NFM1* said (FCA interview) that the call with RAMAM (*RM FM*) was similar to the later conversation he had with Hargreave Hale (*HH FM1*) (see the conversation described at 10:13 below), but shorter.<sup>5</sup>
- 10:13: Newton (*NFM1*) returned a call from Hargreave Hale (*HH FM1*):<sup>6</sup>

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<sup>1</sup> UUID 6490004, Bloomberg message between *NFM1* (Newton) and *[name]* (Canaccord), beginning on 8 July 2015. The message is stated as 15:56 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>2</sup> UUID 6490004, Bloomberg message between *NFM1* (Newton) and *[name]* (Canaccord), beginning on 8 July 2015. The message is stated as 16:05 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>3</sup> UUID 6490004, Bloomberg message between *NFM1* (Newton) and *[name]* (Canaccord), beginning on 8 July 2015. *[Name]* is a reference to *[senior officer]* of Market Tech.

<sup>4</sup> The FCA was not able to retrieve the recording of this call from Newton because *NFM1* made the call from his mobile device. With regard to RAMAM, *NFM1* called the switchboard at RAMAM at 09:57 who then forwarded *NFM1*'s call to *RM FM*'s number, UUID 19110002, transcript of a call between *NFM1* (Newton) and a receptionist (RAMAM), 9 July 2015 at 09:57. *RM FM*'s number was diverted to his mobile phone as he was not in the office that day. This means that the call was not recorded by either firm.

<sup>5</sup> UUID 11250002, *NFM1* Second FCA Interview Transcript, page 65, line 2391. The FCA notes that this is not consistent with UUID 876-67349-0-6, *NFM1* mobile bill, which shows that his call with *RM FM* lasted 13 minutes 52 seconds (by contrast his call with *HH FM1* lasted only 7 minutes 2 seconds).

<sup>6</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13. UUID 876-72624-16, transcript of a call between *HH FM1* (Hargreave Hale) and *NFM1* (Newton), 9 July 2015 at 09:06: *HH FM1* had called *NFM1*, leaving a voicemail in which he explained that his colleague *HH FM2* had asked him to call *NFM1*, that he wished to discuss Market Tech, and asked *NFM1* to call him back. UUID 876-66219-0-51, email from *HH FM1* (Hargreave Hale) to *NFM1* (Newton), 9 July 2015 at 09:09: *HH FM1* also sent an email to *NFM1* in which he wrote: *'I called and left a message – hope to speak to you later'*. The FCA does not know with certainty who made the initial approach to whom, i.e. whether *HH FM2* to *NFM1* or vice versa. In the telephone conversation with *HH FM1* at 10:13, *NFM1* said: *'...That's why I got in touch with HH FM2 in the first place'*, see UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, line 51. *HH FM1* could not confirm in his FCA interview whether *NFM1* rang *HH FM2* and then *HH FM2* asked him to call back (UUID 16270001, *HH FM1* FCA Interview Transcript, page 47, lines 1668-1672).

- *HH FM1* (Hargreave Hale) explained to *NFM1* (Newton) that his colleague *HH FM2* (Hargreave Hale) had asked him to call *NFM1*. Hargreave Hale (*HH FM1*) said to Newton (*NFM1*):

*'[HH FM2] rates you. We rate you. I just sort of just curious to hear your sort of, your views [on Market Tech] really if you don't mind divulging...'.<sup>7</sup>*

- Newton (*NFM1*) said to Hargreave Hale (*HH FM1*): *'So basically what I'm saying, I'm calling a few people and just saying, "Look, market's softened"'*.<sup>8</sup>
- Newton (*NFM1*) told Hargreave Hale (*HH FM1*) that he would try to push for the price of 220p per share rather than accepting the current price. Newton (*NFM1*) said:

*'Basically the upshot is I think push them for it to kind of 220 price rather than the 230 plus they're talking about'.<sup>9</sup>*

- Hargreave Hale (*HH FM1*) explained to Newton (*NFM1*) that Hargreave Hale already had a very large shareholding in Market Tech since the IPO (£6 million of shares) and that a low price for the placing could adversely affect that existing shareholding. He told Newton (*NFM1*):

*'...from my angle, given that we're probably not going to do like another the size that we did at the IPO, I'm not going to be, I'm just not going to bullshit you. I'm just not going to be able to, you know, push them...'.<sup>10</sup>*

- Hargreave Hale (*HH FM1*) said: *'Look, I'll have a word with my Shore Capital people and I'll sort of, I'll play around with it a little bit. Okay?'.<sup>11</sup>*
- Newton (*NFM1*) said he would be *'...submitting a chunky order at that 220 level'.<sup>12</sup>* He also added: *'I've spoken to one other person so far who intends to join me in that... strategy. So yes, you have a think about it'.<sup>13</sup>*

- **10:47:** Newton (*NFM1*) called Canaccord ([name]) to let him know that Newton's dealers would be submitting an order in Market Tech shortly and that his suggested price was 220p per share.<sup>14</sup> Canaccord ([name]) informed Newton (*NFM1*) that this would be the lowest order by 5p.<sup>15</sup>

<sup>7</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 43-45.

<sup>8</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 51-53.

<sup>9</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 101-103.

<sup>10</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 191-194.

<sup>11</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 221-223.

<sup>12</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 2, lines 286-287.

<sup>13</sup> UUID 876-72624-21, transcript of a call between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 9 July 2015 at 10:13, page 9, lines 291-296. See UUID 29350001, *NFM1* First Witness Statement, paragraph 11: *NFM1* said that the person he was referring to in his conversation with *HH FM1* ('one other person... who intends to join me in that... strategy') was his colleague at Newton, [name].

<sup>14</sup> UUID 876-72625-1, transcript of a call between *NFM1* (Newton) and [name] (Canaccord), 9 July 2015 at 10:47.

<sup>15</sup> UUID 876-72625-1, transcript of a call between *NFM1* (Newton) and [name] (Canaccord), 9 July 2015 at 10:47.

- 11:08: Newton's dealing desk placed an order with Canaccord for 7,978,511 shares at the price limit of 220p per share.<sup>16</sup>
- 13:50: In a Newton internal Bloomberg chat, [name] ([role] at Newton) wrote to NFM1: '*NFM1, being told MKT may miss at 2.20. px now 2.25-30...stick or twist?*'. NFM1 responded: '*cheers [name]. i am being kept in touch actually- i know it may miss...*'.<sup>17</sup>
- 15:27: Newton (NFM1) spoke with Canaccord ([name], [title]).<sup>18</sup> Canaccord ([name]) informed Newton (NFM1) that he was the only one at 220p<sup>19</sup> and that '*everyone else is at 230*' and '*a few others at 225*'.<sup>20</sup>
- 16:04: Market Tech ([senior officer]) called Newton (NFM1) to discuss his order in Market Tech:<sup>21</sup>
  - Market Tech ([senior officer]) told Newton (NFM1) that he really wanted to have him on the book but he was concerned that his order was '*one of the lowest*'.<sup>22</sup>
  - Market Tech ([senior officer]) strongly encouraged Newton (NFM1) to move his bid to 223p per share. He said:

*'Come on, do it for me, NFM1. You're the right side of 220. And I'm going to move it down. It looks good from the PR. I think people will receive it well and we're done. Go on, one bid. I'm not going to say please, I'm not going to beg you.'*<sup>23</sup>
  - Newton (NFM1) agreed to move his bid to 223p, saying: '*Okay. Okay, let's go for it*'.<sup>24</sup>
- 16:24: Just before the books closed, Newton amended the limit price of its final order with Canaccord from 220p to 223p per share<sup>25</sup> and at 16:53, increased the quantity of the shares from 7,978,511 to 9,087,641.<sup>26</sup>
- The books closed on 9 July 2015 at 17:00. Market Tech raised approximately £200.7 million of gross proceeds (before expenses). The final price was 223p per share.

<sup>16</sup> UUID 6550007, transcript of a call between [name] (Newton) and [name] (Canaccord), 9 July at 11:08

<sup>17</sup> UUID 876-66219-0-73, Bloomberg messages between Newton employees, 8 July 2015. The message is stated as 12:50 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>18</sup> UUID 876-72625-9, transcript of a call between [name] (Canaccord) and NFM1 (Newton), 9 July 2015 at 15:27.

<sup>19</sup> UUID 876-72625-9, transcript of a call between [name] (Canaccord) and NFM1 (Newton), 9 July 2015 at 15:27 page 3, line 88; albeit the FCA notes that RAMAM submitted an order at 220p per share earlier that day.

<sup>20</sup> UUID 876-72625-9, transcript of a call between [name] (Canaccord) and NFM1 (Newton), 9 July 2015 at 15:27 page 3, lines 88-89.

<sup>21</sup> UUID 876-72625-2, transcript of a call between NFM1 (Newton) and [senior officer] (Market Tech), 9 July 2015 at 16:04.

<sup>22</sup> UUID 876-72625-2, transcript of a call between NFM1 (Newton) and [senior officer] (Market Tech), 9 July 2015 at 16:04, page 2, lines 40-43 and 49-51: [senior officer] said '*I mentioned a couple of key accounts that I would really like in my share register, one being you and one being Schrodgers... I'm just struggling a little bit on the fact that, you know, that you are one of the lowest*'.

<sup>23</sup> UUID 876-72625-2, transcript of a call between NFM1 (Newton) and [senior officer] (Market Tech), 9 July 2015 at 16:04, page 14, lines 457-461.

<sup>24</sup> UUID 876-72625-2, transcript of a call between NFM1 (Newton) and [senior officer] (Market Tech), 9 July 2015 at 16:04, page 17, line 549.

<sup>25</sup> UUID 6550004, transcript of a call between [name] (Newton) and [name] (Canaccord), 9 July 2015 at 16:24.

<sup>26</sup> UUID 876-66219-0-41, Bloomberg messages between Newton and Canaccord employees, 8 July 2015 at 15:53. The message is stated as 15:53 UTC. BST is quoted as that was the applicable time in the UK at the time.

## 10 July 2015

- 07:40: Newton was informed of its allocation of 9 million shares.<sup>27</sup> This represented 10% of the total value of the placing.
- 08:31: Newton (*NFM1*) had a call with Barclays (*[name]*, a broker) and said: *'...I was quite important in getting a low strike price on the deal yesterday'*.<sup>28</sup> Barclays (*[name]*) said: *'You drove it down'*. Newton (*NFM1*) responded: *'I did. I haggled'*.<sup>29</sup>
- 11:01: Newton (*NFM1*) sent a Bloomberg message to Hargreave Hale (*HH FM1*): *'i got them down a bit anyway and placing looks to have gone well'*.<sup>30</sup> Hargreave Hale (*HH FM1*) responded: *'...nice work. hopefully it does well for all of us in the medium term'*.

## 13 July 2015

- Newton (*NFM1*) discussed the Market Tech placing with BMO (*[name]*) on Bloomberg.<sup>31</sup>
  - Newton (*NFM1*) messaged: *'we were a big order and played hardball'*.<sup>32</sup>
  - Newton (*NFM1*) also commented on his telephone conversations with Hargreave Hale (*HH FM1*) and RAMAM (*RM FM*) of 9 July 2015. He wrote to BMO (*[name]*): *'i rang HH FM3 and RM FM to get them to push price down (...) they didnt help me out (...) they wanted really to do it at 230'*.<sup>33</sup> BMO (*[name]*) said *'So HH FM2 and RM FM basically said no?'* Newton (*NFM1*) replied *'...they said they would think about it...and seemed positive'*.<sup>34</sup> He also added: *'it was HH FM1 who called me'*.<sup>35</sup>

## Hargreave Hale

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### 7 July 2015

Two days before the books closed:

- 10:47: Hargreave Hale put in an order with Shore Capital for 500,000 shares in Market Tech at strike.<sup>36</sup>

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<sup>27</sup> UUID 6550003, transcript of a call between *[name]* (Newton) and Unknown, 10 July 2015 at 07:40, page 2, line 46.

<sup>28</sup> UUID 12240001, transcript of a call between *NFM1* (Newton) and *[name]* (Barclays), 10 July 2015 at 08:31 page 42, lines 1538-1539.

<sup>29</sup> UUID 12240001, transcript of a call between *NFM1* (Newton) and *[name]* (Barclays), 10 July 2015 at 08:31 page 42, lines 1541-1543.

<sup>30</sup> UUID 876-66219-0-48, Bloomberg message between *NFM1* (Newton) and *HH FM1* (Hargreave Hale), 10 July 2015 beginning at 10:01. The message is stated as 10:01 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>31</sup> UUID 876-66219-0-50, Bloomberg message between *NFM1* (Newton) and *[name]* (BMO), 13 July 2015.

<sup>32</sup> UUID 876-66219-0-50, Bloomberg message between *NFM1* (Newton) and *[name]* (BMO), 13 July 2015 at 14:16:53 (UTC).

<sup>33</sup> UUID 876-66219-0-50, Bloomberg message between *NFM1* (Newton) and *[name]* (BMO), 13 July 2015 between 14:17:05 and 14:17:57 (UTC).

<sup>34</sup> UUID 876-66219-0-50, Bloomberg message between *NFM1* (Newton) and *[name]* (BMO), 13 July 2015 between 14:18:46 and 14:18:55 (UTC).

<sup>35</sup> UUID 876-66219-0-50, Bloomberg message between *NFM1* (Newton) and *[name]* (BMO), 13 July 2015 at 14:19:15 (UTC).

<sup>36</sup> UUID 876-66131-28-2041, email from *HH FM1* (Hargreave Hale) to *[name]* (Shore Capital), 7 July 2015 at 10:47, page 2.

- 13:50: Hargreave Hale sent a further application for 30,000 shares at the final price which increased the total number of shares Hargreave Hale applied for that day to 530,000 shares.<sup>37</sup>

## 9 July 2015

- 10:13: Hargreave Hale (*HH FM1*) discussed the Market Tech placing with Newton (*NFM1*) on the morning of the day that the books closed, 9 July 2015 (see above).
- 14:02: Hargreave Hale (*HH FM3*) called Shore Capital (*[name]*).<sup>38</sup> Hargreave Hale (*HH FM3*) asked Shore Capital (*[name]*): 'It's going to be about 230, isn't it?' to which Shore Capital (*[name]*) responded: 'I would think so, yeah'.<sup>39</sup> Hargreave Hale (*HH FM3*) said: 'The trouble is, it screws existing shareholders you know as it starts being trading at 250, right?'.<sup>40</sup> Hargreave Hale (*HH FM3*) added: 'Maybe I won't do anymore'.<sup>41</sup> Hargreave Hale (*HH FM3*) asked Shore Capital (*[name]*) to call him before the books closed to give him his final decision.
- 16:33: Hargreave Hale received an email from Berenberg UK Sales suggesting that orders below 223p were likely to miss out.<sup>42</sup>
- 16:49: Shore Capital (*[name]*) called Hargreave Hale (*HH FM3*) to enquire if Hargreave Hale wished to apply for more shares in Market Tech as the books had not formally closed yet.<sup>43</sup> Shore Capital (*[name]*) also informed Hargreave Hale (*HH FM3*) that the price of shares would probably be 'a bit below 230'.<sup>44</sup> Hargreave Hale (*HH FM3*) declined the offer and confirmed that the order remained unchanged.
- The books closed that day at 17:00. The final price settled at 223p per share.
- 19:13: Hargreave Hale received an allocation via email from Shore Capital.<sup>45</sup> Hargreave Hale was allocated 500,000 shares which represented approximately 0.6% of the total value of the placing.<sup>46</sup>

## RAMAM

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## 8 July 2015

On the day before the books closed:

<sup>37</sup> UUID 876-66131-28-2528, email from *[name]* (Hargreave Hale) to *[name]* (Shore Capital), 7 July 2015 at 13:50, page 1.

<sup>38</sup> UUID 26350002, transcript of a call between *[name]* (Shore Capital) and *HH FM3* (Hargreave Hale), 9 July 2015 at 14:02. *HH FM3* is *[title]* of Hargreave Hale; *[><]*. He *[><]* of the company and *[><]* *[fund name]*.

<sup>39</sup> UUID 26350002, transcript of a call between *[name]* (Shore Capital) and *HH FM3* (Hargreave Hale), 9 July 2015 at 14:02 page 3.

<sup>40</sup> UUID 26350002, transcript of a call between *[name]* (Shore Capital) and *HH FM3* (Hargreave Hale), 9 July 2015 at 14:02, page 3, lines 104-105.

<sup>41</sup> UUID 26350002, transcript of a call between *[name]* (Shore Capital) and *HH FM3* (Hargreave Hale), 9 July 2015 at 14:02, page 4, line 118.

<sup>42</sup> UUID 876-66131-28-2177, email from Berenberg UK sales to Berenberg employees and copying unknown addressees, 9 July 2015 at 16:33, page 1.

<sup>43</sup> UUID 876-72624-13, transcript of a call between *HH FM3* (Hargreave Hale) and *[name]* (Shore Capital), 9 July 2015 at 16:49.

<sup>44</sup> UUID 876-72624-13, transcript of a call between *HH FM3* (Hargreave Hale) and *[name]* (Shore Capital), 9 July 2015 at 16:49 page 2, line 44.

<sup>45</sup> UUID 2630010, email from *[name]* (Shore Capital) to *[name]* (Hargreave Hale) copying *[name]* (Hargreave Hale) and *HH FM1* (Hargreave Hale), 9 July 2015.

<sup>46</sup> UUID 2630071, Bookbuild data from Shore Capital for the Market Tech placing, 9 July 2015.

- 08:09: Shore Capital ([*name*], [*title*]) sent an email to RAMAM (*RM FM*) attaching two tables indicating that the assumed placing price for Market Tech was 233p.<sup>47</sup>

## 9 July 2015

- 09:57: According to Newton (*NFM1*), he and RAMAM (*RM FM*) discussed the valuation of Market Tech on the morning of the day that the books closed, 9 July 2015 (see above). RAMAM (*RM FM*) said (FCA interview): '*Unfortunately, I don't recall having that conversation [with NFM1] and I don't recall, I didn't recall this call until I received this bundle on, earlier in the last week or so, so it was a surprise to me that this had taken place*'.<sup>48</sup> In its representations on the Statement of Objections however, RAMAM did not dispute that a conversation between RAMAM (*RM FM*) and Newton (*NFM1*) took place. It said that *RM FM* continued to have no recollection that *NFM1* actually mentioned his intended bidding strategy for Market Tech.<sup>49</sup>
- 14:37: A few hours after RAMAM's (*RM FM*) conversation with Newton (*NFM1*), RAMAM submitted to the three book-builders an order for 2,125,000 shares in Market Tech at the price of 220p per share.<sup>50</sup> Canaccord said in the telephone conversation with RAMAM that this order is '*a bit away from, a bit away from what limits we [Canaccord] are seeing coming in*'.<sup>51</sup> The FCA understands that it was RAMAM (*RM FM*) who gave instructions to his dealer ([*name*] at RAMAM) to submit the order of this size and value.<sup>52</sup>
- 14:44: in a Bloomberg chat with his colleagues, RAMAM ([*name*]) quoted the latest news from Shore Capital that '*220p likely to miss. Think 225p more likely level*'.<sup>53</sup>
- 16:29: RAMAM ([*name*]) wrote in an internal Bloomberg message: '*223p will be the price. They're just waiting on us so ok to go in there?*'.<sup>54</sup>
- Following a call between RAMAM (*RM FM*) and Shore Capital ([*name*]) in which RAMAM (*RM FM*) was informed that 220p was going to miss as the price was around 223p,<sup>55</sup> *RM FM* asked [*name*] (both of RAMAM) to amend his order and wrote on Bloomberg: '*yep, go ahead 223p*'.<sup>56</sup>
- 16:36: RAMAM amended its order in Market Tech to 223p per share.<sup>57</sup>

<sup>47</sup> UUID 876-66079-243, email from [*name*] (Shore Capital) to *RM FM* (RAMAM), 8 July 2015, attachments are at UUID 876-66079-243-1, spreadsheet titled Statutory Red Book and UUID 876-66079-243-2, spreadsheet titled July 2015 placing.

<sup>48</sup> UUID 1600001, *RM FM* FCA Interview Transcript, page 21, lines 754-756.

<sup>49</sup> UUID 66450010, RAMAM's Written Response, e.g. paragraphs 24 and 26(g); UUID 66450011, *RM FM* Witness Statement, paragraphs 25-34. See also UUID 77130003, RAMAM's Oral Hearing Transcript, e.g. lines 1458 -1470.

<sup>50</sup> UUID 6450001, transcript of a call between [*name*] (RAMAM) and Unknown, 9 July 2015; UUID 19030001, transcript of a call between [*name*] (RAMAM) and [*name*] (Berenberg), 9 July 2015 at 14:39; UUID 876-72626-0, transcript of a call between [*name*] (RAMAM) and [*name*] (Canaccord), 9 July 2015 at 14:38.

<sup>51</sup> UUID 876-72626-0, transcript of a call between [*name*] (RAMAM) and [*name*] (Canaccord), 9 July 2015 at 14:38, page 2, lines 47-48.

<sup>52</sup> UUID 19030001, transcript of a call between [*name*] (RAMAM) and [*name*] (Berenberg), 9 July 2015 at 14:39, page 1, lines 39-41. On a call with Berenberg, [*dealer*] explained the investment rationale behind the order, he said: '*... he thinks that's what will reflect... would come out with a property update and property values, and tech update or something, so we don't know. That's where he wants us to be*'. The FCA understands by 'he' [*name*] referred to *RM FM*, for reference please see UUID 13900001, RAMAM's chronology of events submitted to the FCA voluntarily on 31 March 2017.

<sup>53</sup> UUID 876-68667-13, Bloomberg messages between RAMAM employees, 6 July 2015. The message is stated as 13:44 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>54</sup> UUID 876-68667-13, Bloomberg messages between RAMAM employees, 6 July 2015. The message is stated as 15:29 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>55</sup> UUID 876-72626-9, transcript of a call between *RM FM* (RAMAM) and [*name*] (Shore Capital), 9 July at 16:32.

<sup>56</sup> UUID 876-68667-13, Bloomberg messages between RAMAM employees, 6 July 2015.

<sup>57</sup> UUID 876-72626-8, transcript of a call between [*name*] (RAMAM) and Unknown, 9 July 2015 at 16:36.

- The books closed the same day at 17:00. That same evening, at 19:09, RAMAM was informed by Shore Capital of its allocation of 2 million shares.<sup>58</sup> This represented approximately 2.2% of the total value of the placing.

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<sup>58</sup> UUID 876-66079-157, email from *RM FM* (RAMAM) to [*name*] (Shore Capital), 9 July 2015 at 21:54.

## Annex 2: On The Beach IPO chronology

### Newton

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#### 16 September 2015

A few days before the books closed in the OTB IPO:

- 11:19: Newton (*NFM1*) called Numis (*[name]*) for an update on the OTB IPO bookbuild. Numis (*[name]*) told Newton (*NFM1*) that *'...there are orders as low as 260 million...And, you know, in fairness, there are some big orders, a £20 million quid, a £25 million quid...'*<sup>59</sup>
- 15:07: Newton (*NFM1*) sent an internal Bloomberg message to *[name]* (a dealer, Newton) saying he was about to send in an order for OTB.<sup>60</sup>
- 15:09: Newton (*[name]*) called Numis and said Newton was going to make an order and asked, in terms of price, if there was any range. Numis said there was not, so Newton (*[name]*) said he would go in for a cash amount.<sup>61</sup>
- 15:15: Newton (*NFM1*) confirmed to *[name]* *'£270m pre money mkt cap is the limit'*.<sup>62</sup> *NFM1*'s order for OTB shares was then sent to Newton's dealing desk.<sup>63</sup>
- 15:17: Newton (*[name]*) spoke to Numis (*[name]*) to say he had an *'IPO indication'* for OTB and because there was no share price guidance, they were going for a cash amount of £13,574,501.<sup>64</sup>
- 15:23: Numis recorded the following message from *[name]* on its internal chat channel: *'NEWTON: £13,574,501 at market'*.<sup>65 66</sup>
- 15:24: Newton (*NFM1*) sent *[name]* a Bloomberg message to say *'order size in...£13.6m at 270 pre'*.<sup>67</sup>

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<sup>59</sup> UUID 19010001, transcript of a call between *NFM1* (Newton) and *[name]* (Numis), 16 September 2015 at 11:19. See UUID 16260001, *[name]* FCA Interview Transcript, page 37, line 1336: *[name]* told the FCA in his interview that this was a reference to *[name]*, an analyst at Numis who had valued OTB at £300-350 million.

<sup>60</sup> UUID 876-69682-0-4, Bloomberg messages between *[name]* (Newton), *NFM1* (Newton) and other Newton colleagues from 15 September 2015 to 16 September 2015, page 36. The message is stated as 14:07 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>61</sup> UUID 6550005, transcript of a call between *[name]* (Newton) and *[name]* (Numis), 16 September 2015 at 15:09.

<sup>62</sup> UUID 876-69682-0-4, page 37, Bloomberg messages between *[name]* (Newton), *NFM1* (Newton) and other Newton colleagues from 15 September 2015 to 16 September 2015. The message is stated as 14:15 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>63</sup> UUID 876-66157-9, Newton's OTB order history chronology.

<sup>64</sup> UUID 6550006, transcript of a call between *[name]* (Newton) and *[name]* (Numis), 16 September 2015 at 15:17.

<sup>65</sup> UUID 876-68561-0, internal Numis group chat, 16 September 2015 at 15:23, page 5.

<sup>66</sup> UUID 16260001, *[name]* FCA Interview Transcript, page 44, lines 1596-1597: *[name]* said in interview that this order *'was significant, you know. It definitely would have been one of the biggest orders in the book...'*

<sup>67</sup> UUID NX-RXW-0125-01\_USB1-113321-000000019, Bloomberg messages between *NFM1* (Newton) and *[name]* (Numis), 31 August 2015, page 27. The message is stated as 14:24 UTC, BST is quoted as that was the applicable time in the UK at that time.



## 17 September 2015

- 10:19: BMO ([name]) sent an email to an undisclosed recipient list which said: *'Hi all Just a reminder for drinks tonight, at the ground floor of Rocket off Old Broad St from 5:30.'*<sup>68</sup>
- The FCA understands that [name] (of BMO) and NFM1 (of Newton) were involved in organising informal social drinks for the small and mid-cap investment community. These events were often described as 'Small Cap drinks' or '[names]' drinks which stood for '[name] and NFM1', their respective first names ([name] and NFM1). NFM1 (of Newton), RM FM (of RAMAM) and HH FM1 (of Hargreave Hale) had all attended these drinks on occasion, which were often held at Rocket, Old Broad Street, London.
- [Name] (of BMO) told the FCA (FCA interview) that he sent the email to a lot of people *'I would guess more than 100'*.<sup>69</sup> NFM1 (of Newton) said (FCA interview) that he spent most of the time at the drinks on 17 September speaking with [name] (of Barclays). He said OTB was not discussed, at least not with [name], and he did not recall any of his other conversations.<sup>70</sup> HH FM1 (of Hargreave Hale) told the FCA that he attended the drinks on 17 September 2015.<sup>71</sup> RM FM (of RAMAM) told the FCA that he attended drinks *'every now and again'*.<sup>72</sup>
- 10:46: Newton (NFM1) emailed Numis ([name], copying [name]) and asked him to confirm what order size he had from Newton. At 10:48, Numis ([name]) confirmed that the order size was £13,574,501 *'at market'*. Newton (NFM1) replied at 10:50 to say *'It is actually limited at 270m pre-. Was that not reflected by our dealers?'* Numis ([name]) responded at 10:54 that the Numis dealers [X].<sup>73</sup>
- 10:52: Numis recorded the following message from [name] on its internal chat channel: *'Newton - £13,574,501 – It is actually limited at 270m pre-.'*<sup>74</sup>
- 11:31: NFM1 sent an email to the 'Newton Investment Team' explaining that he was investing in the OTB IPO and attaching a note analysing the investment.<sup>75</sup> The note recommended buying at *'mkt cap of £270m pre new money'*.

## 18 September 2015

- 10:17: In a call between Newton (NFM1) and Numis ([name]), [name] asked NFM1 *'...you're 270 million pre-new money aren't you?'* and NFM1 replied *'yeah'*.<sup>76</sup> [Name] told NFM1 that he had taken an order of £15 million at the same level of

<sup>68</sup> UUID NX-RXW-0125-01\_USB1-113321-000000026, email from [name] (BMO) to undisclosed recipients, 17 September 2015 at 10:18.

<sup>69</sup> UUID 1610001, transcript of an FCA interview with [name], 9 November 2016 ('[name] FCA Interview Transcript'), page 31, line 1103.

<sup>70</sup> UUID 20320001, NFM1 First FCA Interview Transcript, page 40, lines 1442 and 1461-1462.

<sup>71</sup> UUID 16270001, HH FM1 FCA Interview Transcript, pages 27-28, lines 970-981. See also UUID 876-66223-5-515, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 08:43: in which NFM1 told [name] that he had seen HH FM1 at drinks.

<sup>72</sup> UUID 1600001, RM FM FCA Interview Transcript, page 12, line 419

<sup>73</sup> UUID 876-69000-0, email from [name] (Numis) to NFM1 (Newton) copying [name] (Numis), 17 September 2015 at 10:53. See UUID 20320001, NFM1 First FCA Interview Transcript, page 69, lines 2529 to 2530: in interview, NFM1 confirmed that his bid was at a 270 million pre-money valuation: *'That is to say 280 million post money'*.

<sup>74</sup> UUID 876-68561-0, internal Numis group chat between [name] and others, 16 September 2015 at 15:23, page 5.

<sup>75</sup> UUID 876-67222-23-3, email from NFM1 (Newton) to Newton Investment Team, 17 September 2015 and UUID 876-67222-23-4, note prepared by NFM1 (Newton) titled 'On The Beach IPO'.

<sup>76</sup> UUID 2500002, transcript of a call between NFM1 (Newton) and [name] (Numis), 18 September 2015 at 10:17, page 4, lines 129-131.

£270 million pre new money<sup>77</sup> and that it would probably be on the following Monday when he would know where the price would be 'coming'.<sup>78</sup> NFM1 also told [name] that there was further demand from a colleague and '...I'm wondering whether, you know, in your view, if I was to be a bit cute now, we've got a bigger order, if we went down to 260, that could help'.<sup>79</sup> [Name] replied:

*'I think it will probably end up just looking a wee bit silly, because I think it will be done at the price you're at, at the 270, is my guess. So, to try and jump down, to then possibly be talked back up, I sort of just thinks looks a bit rubbishy, and if it was an extra 15 million, then, you know, I'd say that could be a sort of game changer and something they definitely wouldn't want me to miss. But an extra two and a half million, I don't think it's worth trying to gain on price for that increase in order size.'*<sup>80</sup>

- At 11:58, Newton ([name]) spoke to Numis and confirmed that their order was £16.07 million in terms of value rather than in terms of the amount of shares.<sup>81</sup>
- At 12:04, Newton ([name]) sent Numis ([name]) a Bloomberg message to say the new total Newton order was £16,794,970. [Name] asked if that was at strike, and [name] confirmed that it was.<sup>82</sup>

## 21 September 2015

- 07:48: NFM1 (of Newton) sent an internal email to 'NIM Equity Dealing' (Newton's dealing team),<sup>83</sup> [name] ([role] at Newton) and [name] ([role] at Newton), which asked Newton's dealing desk to revise the Newton bid downwards to £260 million pre new money.<sup>84</sup>
- 07:55: Newton ([name]) called Numis ([name], [title]) and explained that they wished to limit their order to £260 million pre new money.<sup>85</sup>
- 08:01: [Name] (of Numis) called [name] ([title] of Numis) to say '*this is probably not going to cheer you up but Newton have phoned me, On the Beach...[✂]*'. [Name] (of Numis) confirmed that he had just told [name] ([title] at Numis) this information.<sup>86</sup> [Name] said (FCA interview) that [name] would have '*shouted across, as soon as he got the order he'd have come off the phone and said, 'Newton are [✂]...'*'.<sup>87</sup>

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<sup>77</sup> UUID 16260001, [name] FCA Interview Transcript, page 58, lines 2107-2108 and page 60, lines 2133 -2134: [name] told the FCA in his interview that he thought this was a reference to an order from Schroder and that Schroder's order was for 270 million rather than 270 million pre new money.

<sup>78</sup> UUID 2500002, transcript of a call between NFM1 (Newton) and [name] (Numis), 18 September 2015 at 10:17, page 4, lines 139-141.

<sup>79</sup> UUID 2500002, transcript of a call between NFM1 (Newton) and [name] (Numis), 18 September 2015 at 10:17, page 6, lines 184-186.

<sup>80</sup> UUID 2500002, transcript of a call between NFM1 (Newton) and [name] (Numis), 18 September 2015 at 10:17, page 6, lines 188-195.

<sup>81</sup> UUID 12230002, transcript of a call between [name] (Newton) and Unknown (Numis), 18 September 2015 at 11:58.

<sup>82</sup> UUID 876-68560-182, Bloomberg messages between [name] (Newton), [name] (Numis) and others, beginning 16 September 2015 at 23:51:43, 18 September 2015, page 7.

<sup>83</sup> UUID 20320001, NFM1 First FCA Interview Transcript, page 84, lines 3078-3087.

<sup>84</sup> UUID 876-66219-1-61, email from NFM1 (Newton) to NIM Equity Dealing (Newton) and others, 21 September 2015 at 07:48.

<sup>85</sup> UUID 876-72625-4, transcript of a call between [name] (Newton) and Unknown (Numis), 21 September 2015 at 07:55.

<sup>86</sup> UUID 19000003, transcript of a call between [name] (Numis) and [name] (Numis), 21 September 2015 at 08:01, page 1, lines 16-21 and line 31.

<sup>87</sup> UUID 16260001, [name] FCA Interview Transcript, page 83, lines 3020-3021.

- 08:01: [Name] (of Numis) sent a Bloomberg message to NFM1 (of Newton) in the following terms: *'Am I right in thinking your order [X]'*.<sup>88</sup> The Bloomberg chat contains no response from NFM1 (of Newton) (and in his FCA interview, he said he did not see this message at the time).<sup>89</sup>

### 08:10, 21 September Email

- 08:10: on the day that the books were due to close on the OTB IPO, Newton (NFM1) blind copy emailed fund managers at 12 firms (the 08:10, 21 September Email),<sup>90</sup> including Hargreave Hale and RAMAM, disclosing his valuation of OTB (i.e. £260 million pre new money) and urged them to move to this level. He also disclosed that he had placed an order that morning at that limit and set out the amount of that order (£17 million). He asked recipients to 'have a think' and to mention to any colleagues. He wrote:

*'Sorry for the out of the blue email but I wanted to urge those considering or in for the OTB IPO to think about moving to a 260m pre money valuation limit. I have done that first thing this morning with my GBP17m order. I don't usually do last minute brinkmanship on IPOs but think there are particularly good reasons on this one given-*

*-significant market uncertainty since Fed decision*

*-huge private equity profits bagged by Inflexion given they bought it for c73m two years plus have taken mgmt fees and dividends*

*-the c.15x PER which looks attractive is predicated on significant top and bottom line growth*

*-this is a relatively large placing in a small cap so sensitive to future mkt weakness*

*I haven't received any indication that the books are well covered or even covered so suspect this one is still very much open to price movement. Please have a think and mention to any colleagues or have put orders in.'*<sup>91</sup>

- 08:29: BMO ([name]) replied to the 08:10, 21 September Email. He wrote to Newton (NFM1): *'Good luck. Wonder if RM FM will listen to you this time'*.<sup>92</sup>
- 08:43: Newton (NFM1) replied to BMO ([name]) and said: *'Hehe, Got an apology from HH FM1 re MKT at drinks. We r now best buds'*.<sup>93</sup>

<sup>88</sup> UUID 876-66219-1-135, Bloomberg message between NFM1 (Newton) and [name] (Numis), 21 September 2015. The message is stated as 07.01 UTC. BST is quoted as that was the applicable time in the UK at that time. See UUID 20320001, NFM1 First FCA Interview Transcript, page 82, lines 3011-3016: NFM1 confirmed this in his interview.

<sup>89</sup> UUID 20320001, NFM1 First FCA Interview Transcript, page 82, line 3022.

<sup>90</sup> NFM1 emailed 11 firms on 21 September 2015 and forwarded his email to a twelfth firm on 22 September 2015.

<sup>91</sup> UUID 876-66219-1-65, the 08:10, 21 September Email.

<sup>92</sup> UUID 876-66219-1-71, email from [name] (BMO) to NFM1 (Newton), 21 September 2015 at 08:29. See UUID 1610001, [name] FCA Interview Transcript, page 31, line 1103: [name] in interview did not recall exactly what the reference was to 'wonder if RM FM will listen to you this time', but his assumption that it related to a conversation NFM1 had had with RM FM and HH FM3 in relation to the Market Tech placing and had then relayed to [name] in a Bloomberg message of 13 July 2015.

<sup>93</sup> UUID 876-66219-1-73, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 08:43. NFM1 confirmed (FCA interview) that this related to drinks held on 17 September 2015 at Rocket, Old Broad Street, London and that HH FM1 (Hargreave Hale) had 'mentioned to me quickly, you know, basically, "Sorry I disagreed with your view on Market Tech": see UUID 20320001, NFM1 First FCA Interview Transcript, page 131, lines 4819-4826 and page 130, lines 4786-4787.

- 08:53: BMO ([name]) replied to Newton (NFM1) and asked 'How many ppl did you send the otb thing to?'<sup>94</sup>
- 09:03: Newton (NFM1) replied to BMO's ([name]) 08:29 email and said: 'Sent to all and sundry :) Got emails for [names] off bbg Books close at 2'.<sup>95</sup>

### 09:03, 21 September Email

- 09:03: Newton (NFM1) sent a further blind copy email to the same recipients as his 08:10, 21 September Email (including Hargreave Hale and RAMAM) informing them that the book-builder for the IPO had two orders at a particular valuation (260) and an amount (£20 million) (the 09:03, 21 September Email):

*'Books close at 2 today with first day dealing tomorrow*

*Numis have had two orders limited at 260 of c£20m each already.'*<sup>96</sup>

- 09:14: BMO ([name]) replied to Newton's (NFM1) email to him directly at 09:03: 'Some collective bargaining from the buy side not a bad thing. Have you heard back from anyone?'<sup>97</sup>
- 09:44: Newton (NFM1) replied to BMO ([name]) and said: 'not really' and then explained he was at a meeting with certain named individuals: 'Now I'm at hostelworld mtg with [names] All the big names'.<sup>98</sup>
- 09:53: BMO ([name]) wrote to Newton (NFM1) 'Ah... you can do some campaigning with that lot as well'.<sup>99</sup>

10:02: Newton (NFM1) replied saying 'I sent it to around 15 people I think inc [names]'.<sup>100</sup>

- 16:56: Numis ([name]) called Newton (NFM1).<sup>101</sup> Numis ([name]) said that there was a new deal at £260 million market cap.<sup>102</sup> Newton (NFM1) said '...so that's actually a better price than I move my deal'.<sup>103</sup> In his FCA interview, NFM1 (of Newton) said that there had been some [X]: he noted he said it was a better price because 'I didn't move to 260 post money, I moved to 270'. He confirmed that [X].<sup>104</sup> [name] (of Numis) said (FCA interview) that there was '[X]'.<sup>105</sup>
- 17:23: NFM1 (of Newton) emailed 'NIM Equity Dealing' and asked his colleague [name] ([title], Newton) to change Newton's order from 16.8 to 14 million 'cash'.

<sup>94</sup> UUID 876-66219-1-74, email from [name] (BMO) to NFM1 (Newton), 21 September 2015 at 08:53.

<sup>95</sup> UUID 876-66219-1-89, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 10:02. The references to [name] and [name] are to [name] (Standard Life Investments Limited) and [name] ([title], Henderson).

<sup>96</sup> UUID 876-66219-1-78, the 09:03, 21 September Email.

<sup>97</sup> UUID 876-66219-1-89, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 10:02.

<sup>98</sup> UUID 876-66219-1-89, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 10:02. NFM1 confirmed in his FCA interview that this referred to a meeting regarding the IPO of Hostelworld which was held that day in a youth hostel in Kings Cross and in which Numis was involved. See UUID 20320001, NFM1 First FCA Interview Transcript, page 136-7, lines 4984-5026.

<sup>99</sup> UUID 876-66219-1-88, email from [name] (BMO) to NFM1 (Newton), 21 September 2015.

<sup>100</sup> UUID 876-66219-1-89, email from NFM1 (Newton) to [name] (BMO), 21 September 2015 at 10:02. NFM1 clarified in interview that '[name]' was a reference to [name] of Canada Life and '[name]' was [name] of BlackRock: UUID 20320001, NFM1 First FCA Interview Transcript, page 139, lines 5115-5121

<sup>101</sup> UUID 2500008, transcript of a call between [name] (Numis) and NFM1 (Newton), 21 September 2015 at 16:56.

<sup>102</sup> UUID 2500008, transcript of a call between [name] (Numis) and NFM1 (Newton), 21 September 2015 at 16:56, lines 30-47.

<sup>103</sup> UUID 2500008, transcript of a call between [name] (Numis) and NFM1 (Newton), 21 September 2015 at 16:56, line 63.

<sup>104</sup> UUID 11250002, NFM1 Second FCA Interview Transcript, page 26, lines 958-960 and pages 26-27, 964-969.

<sup>105</sup> UUID 16260001, [name] FCA Interview Transcript, page 153, lines 5602-5603 and lines 5606-5609.

[Name] (of Newton) confirmed the order was amended also at 17:23.<sup>106</sup> In his FCA interview, NFM1 (of Newton) confirmed that this referred to the size of his order and that it was still at £260 million pre new money.<sup>107</sup>

## 22 September 2015

- 12:25: Newton (NFM1) forwarded to [name] ([role] at Newton), [name] ([role] at Newton), and [name] ([role] at Newton) the email RAMAM (RM FM) sent to him at 08:57 on 21 September 2015 (which was in response to the 08:10, 21 September Email).<sup>108</sup> Newton's (NFM1) 12:25 email said the following: 'I got two responses One is below'.

12:27: Newton ([name]) called [name], ([title] of Numis). Newton ([name]) said to reflect a new reduced deal size, 'we'd like to reflect a new reduced order...10.5 million sterling value'.<sup>109</sup>

- 12:50: Newton (NFM1) sent Jefferies ([name], [title]) a Bloomberg chat saying 'im in the midst of potentially getting an IPO canned single handedly...by pushing the price down'. [Name] asked him which IPO and NFM1 confirmed it was OTB.<sup>110</sup>
- 12:55: Newton (NFM1) emailed Jefferies ([name]),<sup>111</sup> forwarding his 08.10, 21 September Email. He shared details about the pricing of the deal, saying it was 'Between us'. He said that he had sent the 8.10 email to 'c.15 PMs'.
- 13:07: [Name] replied.<sup>112</sup> He said:

*'All v fair...*

*Obviously wont pass on!!'*

- 15:10: Newton ([name]) sent Numis ([name]) a Bloomberg message to say 'I believe On the beach has been priced so can we can go for a share quantity now please - 5,846,160 shares please'.<sup>113</sup>
- 17:23: Newton (NFM1) sent an email to [name] (of Newton) to ask him to change Newton's order for OTB from £16.8 million to £14 million. [name] then confirmed the order had been amended.<sup>114</sup>

## 23 September 2015

- 07:05: [name] (Newton) spoke to [name] (of Numis) and received news of Newton's OTB allocation of 4,750,000 shares at 184p.<sup>115</sup>

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<sup>106</sup> UUID 876-66219-1-96, email from [name] (Newton) to NFM1 (Newton) and Newton equity dealing team, 21 September 2015.

<sup>107</sup> UUID 11250002, NFM1 Second FCA Interview Transcript, page 31, lines 1130-1147.

<sup>108</sup> UUID 876-66219-1-103, email from NFM1 (Newton) to Newton employees, 22 September 2015 at 12:25.

<sup>109</sup> UUID 876-72625-6, page 2, lines 41-45, transcript of a call between [name] (Newton) and [name] (Numis), 22 September 2015.

<sup>110</sup> UUID 876-66219-1-143, Bloomberg messages between NFM1 (Newton) and [name] (Jefferies), 22 September 2015. The message is stated as 11.50 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>111</sup> UUID 876-66219-1-105, email from [name] (Jefferies) to NFM1 (Newton), 22 September 2015.

<sup>112</sup> UUID 876-66219-1-105, email from [name] (Jefferies) to NFM1 (Newton), 22 September 2015.

<sup>113</sup> UUID 876-66219-1-46, Bloomberg messages between Newton employees and Numis employees, 22 September 2015, page 5. The message is stated as 14:10 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>114</sup> UUID 876-66219-1-96, email from [name] (Newton) to NFM1 (Newton) and Newton equity dealing team, 21 September 2015.

<sup>115</sup> UUID 876-72625-7, transcript of a call between [name] (Newton) and [name] (Numis), 23 September 2015.

## 25 September 2015

- 14:52: Numis ([name]) sent Newton (NFM1) a Bloomberg message to ask him to meet for a quick beer.
  - They arranged to meet at the Rising Sun pub which was between their offices at 16:15.<sup>116</sup> Numis ([name]) said (FCA interview) he had met Newton (NFM1) around 28/29 September (although he did not know the exact date).<sup>117</sup>
  - Numis ([name]) said (FCA interview) at the pub he told Newton (NFM1) that he was upset with how Newton (NFM1) had acted and that it had come to his attention that he had tried to influence other people.<sup>118</sup> He said Newton (NFM1) said he had only sent his email to 12 people *'...I was pretty shocked by that. You know, I said, "I really can't believe you've done that", and that was pretty much the end of the conversation but I was pretty shocked when he gave me that news'*.<sup>119</sup>
  - Numis ([name]) also said Newton (NFM1) added that: *'Oh, you know, in this case, you guys were clearly struggling, I've got to do the best for my clients, you know, I felt I could influence the price...'*.<sup>120</sup>
  - NFM1 (of Newton) said (FCA interview) that at the Rising Sun pub, [name] (of Numis) had shared with him the fact that [name] had wind of what NFM1 had done and told him that:

*'I remember this very clearly because it was a powerful kind of moment for me – he said, 'We don't see anything wrong with it at all, the Compliance team say it's fine, but I really would prefer that you don't do things like this again. I'm a big boy, I'm not going to cry about it. You can do it again if you want, I can't stop you', were the words he used, and he then revealed to me that one of his clients was unhappy, he wasn't sure why exactly, and said that they might make a complaint against Numis and/or Newton'*.<sup>121</sup>

## Hargreave Hale

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### 21 September 2015

- HH FM1 and HH FM3 (both Hargreave Hale) were forwarded the 08:10, 21 September Email by internal colleagues who received that email directly from Newton (NFM1). HH FM2 (of Hargreave Hale) sent it to HH FM1 and HH FM3.<sup>122</sup> At

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<sup>116</sup> UUID 876-68560-192, Bloomberg messages between NFM1 (Newton) and [name] (Numis), from 24 to 25 September 2015, pages 3-4. The message is stated as 13:52, UTC. BST is quoted as that was the applicable time in the UK at that time. See also UUID 16260001, [name] FCA Interview Transcript, page 156, lines 5730-5731.

<sup>117</sup> UUID 16260001, [name] FCA Interview Transcript, page 156, lines 5724-5726.

<sup>118</sup> UUID 16260001, [name] FCA Interview Transcript, page 156, lines 5739-5741. [Name] said (FCA interview) that he had been aware that an email had been sent after the deal had closed by [name], [title] at Numis and that [name] had been aware due to a contact of [name] at Old Mutual. See UUID 16260001, [name] FCA Interview Transcript, page 87, lines 3189-3193. See also Section below on Old Mutual at paragraphs 4.51-4.54.

<sup>119</sup> UUID 16260001, [name] FCA Interview Transcript, page 157, lines 5759-5761.

<sup>120</sup> UUID 16260001, [name] FCA Interview Transcript, page 161, lines 5765-5767.

<sup>121</sup> UUID 11250002, NFM1 Second FCA Interview Transcript, page 51, lines 1847-1854.

<sup>122</sup> UUID 876-66131-176-103, email from HH FM2 to HH FM3 and HH FM1 (all Hargreave Hale), 21 September 2015.

08:15, *HH FM1* also received it from *HH FM4* (a fund manager at Hargreave Hale), to which *HH FM1* replied: *'Thanks HH FM4 – seen it & discussing now'*.<sup>123</sup>

- The 09:03, 21 September Email was sent to the same recipients as the 08:10, 21 September Email, including Hargreave Hale. Hargreave Hale (*HH FM4*) replied to Newton (*NFM1*) to say *'Am not involved but have forwarded to HH FM1'*.<sup>124</sup> At 09:06, Newton (*NFM1*) replied to Hargreave Hale's (*HH FM4*) email to say *'Cheers [name] I may be wrong but I think the power balance is for the new money here'*.<sup>125</sup>
- Between 08:41 and 12:27: (i) Hargreave Hale (each of *HH FM1* and *HH FM3*) attempted to contact Newton (*NFM1*) and (ii) Newton (*NFM1*) attempted to contact Hargreave Hale.
  - 08:41: Hargreave Hale (*HH FM1*) emailed Newton (*NFM1*) asking him to give Hargreave Hale (*HH FM1*) a call.<sup>126</sup>
  - 11:31: Hargreave Hale (*HH FM1*) called Newton (*NFM1*'s work land line) and received a recorded answerphone message. He did not leave a message.<sup>127</sup>
  - 11:42: Hargreave Hale (*HH FM3*) left a voicemail message for Newton (*NFM1*). He said:

*'Hi, NFM1, it's HH FM3. Could you call either myself or HH FM1 re On the Beach reasonably soon, I think, as time is running out. Our number is [X] would get me. Thanks, bye.'*<sup>128</sup>
  - 12.27: Newton (*NFM1*) called the Hargreave Hale switchboard and asked to speak to *HH FM3* or *HH FM1*.<sup>129</sup> The receptionist said there was no answer and asked to take a message. *NFM1* (of Newton) said to say he called and that he had a message from *HH FM3* already to call him. The receptionist said she would ask them to call him back.<sup>130</sup>
  - In FCA interview, Newton (*NFM1*) said that he called Hargreave Hale (*HH FM1*) in response to Hargreave Hale's (*HH FM1*) 08:41 email.<sup>131</sup> He said the call was two or three minutes long<sup>132</sup> and was somewhere around lunchtime.<sup>133</sup> *'It was a very brief call and I basically ran through the points in my email or something like it in the 8.10 email. And HH FM1 kind of took in the information and gave the impression that basically agreed with what I was saying'*.<sup>134</sup>

<sup>123</sup> UUID 876-66131-176-124, email from *HH FM1* (Hargreave Hale) to *HH FM4* (Hargreave Hale), 21 September 2015.

<sup>124</sup> UUID 876-66131-176-143, email from *HH FM4* (Hargreave Hale) to *NFM1* (Newton), 21 September 2015. In his FCA interview, *HH FM1* said he was not aware of the 09:03, 21 September Email before he had seen it as part of the interview process: UUID 16270001, *HH FM1* FCA Interview Transcript, page 127, lines 4526. He said he could not recall seeing it and given it had the same subject line as the 08:10, 21 September Email. *'I might have thought he'd sent the same thing'*: UUID 16270001, page 129, lines 4594-4595. *HH FM3* said he did not know if he had seen the 09:03, 21 September Email before he had seen it in the context of the interview process: UUID 1560001, *HH FM3* FCA Interview Transcript, page 42, lines 1515-1516.

<sup>125</sup> UUID 876-66131-176-147, email from *NFM1* (Newton) to *HH FM4* (Hargreave Hale), 21 September 2015.

<sup>126</sup> UUID 876-66219-1-72, email from *HH FM1* (Hargreave Hale) to *NFM1* (Newton), 21 September 2015.

<sup>127</sup> UUID 13180001, transcript of a call of *HH FM1* (Hargreave Hale) leaving a voicemail message on *NFM1*'s (Newton) answerphone, 21 September 2015.

<sup>128</sup> UUID 876-72624-19, transcript of a call of *NFM1* (Newton) leaving a voicemail message on *HH FM3*'s (Hargreave Hale) answerphone, 21 September 2015, 21 September 2015.

<sup>129</sup> UUID 19090003, transcript of a call between *NFM1* (Newton) and receptionist (Hargreave Hale), 21 September 2015.

<sup>130</sup> UUID 19090004, transcript of a call between *NFM1* (Newton) and receptionist (Hargreave Hale), 21 September 2015.

<sup>131</sup> UUID 20320001, *NFM1* First FCA Interview Transcript, page 151, line 5559.

<sup>132</sup> UUID 20320001, *NFM1* First FCA Interview Transcript, page 152, line 5575.

<sup>133</sup> UUID 20320001, *NFM1* First FCA Interview Transcript, page 152, lines 5580 and 5598

<sup>134</sup> UUID 20320001, *NFM1* First FCA Interview Transcript, page 152, lines 5563-5566. See also page 153, lines 5618-5620. The FCA has not been provided with this call by either Hargreave Hale or Newton, suggesting that it was not made by either party from their respective work land lines (see UUID 876-69377-1, email from Hargreave Hale to the FCA, 4 January 2016

- 12:37: Newton (*NFM1*) emailed Hargreave Hale (*HH FM1* and *HH FM3*) to say if they were a material part of the book, it was worth 'pushing back'.<sup>135</sup> He wrote:

*'Hi guys*

*Just returned HH FM3's call – have been at Hostelworld visit! Just spoken to HH FM1 now.*

*I will soon be on a train with intermittent reception but please do try my mob again if you wish to chat again – [✕]*

*If you are a material part of this book, I really think it's worth pushing back on this.*

*Is PE really going to walk away for 3% when they have made so much already?*

*I've had feedback from RM FM (only him) that he reckons 270 is fair if PE out completely and 260 if not. On Friday anyway the books weren't even covered at the lowest possible free float.'*

- 12:44: Numis ([*name*], [*title*] of Numis) called Hargreave Hale (*HH FM3*).
  - Hargreave Hale (*HH FM3*) said 'Right. So there's two issues here, is the amount we go for on the one hand and the price on the other hand'.<sup>136</sup>
  - Hargreave Hale (*HH FM3*) asked Numis ([*name*]) whether Inflexion were going to be 'out completely or just the 75%? Or don't we know?'. Numis ([*name*]) said he thought it would be 75% and that they would have a residual holding.<sup>137</sup>
  - Hargreave Hale (*HH FM3*) said: 'Okay. Well, in which case, I think we should probably do it at 260 then because they'll still have an overhang, wouldn't they?'<sup>138</sup>
  - Hargreave Hale (*HH FM3*) also said 'Well, it sounds like you can't do without us or without some of the other institutions who may be of the same mind'.<sup>139</sup>

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and UUID 16270001, *HH FM1* FCA Interview Transcript, page 137, line 4876). During *HH FM1*'s interview with the FCA, Hargreave Hale's advisers told the FCA there was no record of the call. Neither *NFM1*'s mobile phone records or *HH FM1*'s work mobile phone records contain any record of it. This leaves the possibility that the call was made from *HH FM1*'s personal mobile but he told the FCA in interview and subsequently in his witness statement provided by Hargreave Hale that he did not use his personal mobile for work (see UUID 65220010, Witness Statement of *HH FM1*, 5 February 2018 ('*HH FM1* Witness Statement'), paragraph 19). Hargreave Hale also said *HH FM1* no longer had the relevant personal mobile phone records (Hargreave Hale also said that it had contacted *HH FM1*'s personal mobile phone company, '3' to see if they could recover the relevant phone bill but that it had been informed that such data is only retained for 12 months after which it is deleted).

<sup>135</sup> UUID 876-66219-1-90, email from *NFM1* (Newton) to *HH FM1* (Hargreave Hale) and *HH FM3* (Hargreave Hale), 21 September 2015 at 12:37.

<sup>136</sup> UUID 876-72624-20, transcript of a call between [*name*] (Numis) and *HH FM3* (Hargreave Hale), 21 September 2015 at 12:47, lines 23-24.

<sup>137</sup> UUID 876-72624-20, transcript of a call between [*name*] (Numis) and *HH FM3* (Hargreave Hale), 21 September 2015 at 12:47, lines 36-41.

<sup>138</sup> UUID 876-72624-20, transcript of a call between [*name*] (Numis) and *HH FM3* (Hargreave Hale), 21 September 2015 at 12:47, lines 47-48.

<sup>139</sup> UUID 876-72624-20, transcript of a call between [*name*] (Numis) and *HH FM3* (Hargreave Hale), 21 September 2015 at 12:47, lines 73-74. There is some dispute with Hargreave Hale as to the precise form of words used by *HH FM3* (Hargreave Hale) on this call. In *HH FM3*'s FCA interview, [*name*] of Ashurst LLP, on behalf of *HH FM3*, suggested that the words *HH FM3* used were 'Well, it sounds like you can't do without us or without some of the other institutions who may be in the same market' rather than 'Well, it sounds like you can't do without us or without some of the other institutions who may be of the same mind'. See UUID 1560001, *HH FM3* FCA Interview Transcript, page 63, at line 2280.



- Numis ([name]) asked 'So your current thinking is you'd be 14.4 million at the 260 million equity value...?' to which Hargreave Hale (HH FM3) replied 'That's what I've got in mind but listen, I mean look, we want to do it'.<sup>140</sup>
- 13:46: In correspondence with Newton (NFM1), [name] noted the price was coming towards Newton (NFM1). Newton (NFM1) forwarded this correspondence to Hargreave Hale (HH FM3), saying 'helpful'.<sup>141</sup>
- 14:14: Hargreave Hale confirmed its order with Numis. This was for £14,003,000 worth of shares at £260 million market cap.<sup>142</sup>

## 22 September 2015

- 13:21: Hargreave Hale (HH FM3) called Numis ([name], [title]). HH FM3 (of Hargreave Hale) passed Numis ([name]) over to [name] (desk assistant at Hargreave Hale) who confirmed a bid of £14,273,000. Numis ([name]) confirmed the price was 184 per share and with a valuation of £240 million.<sup>143</sup> Shortly afterwards their bid was amended slightly to £14,201,000 at 184 pence per share. This was their final bid.<sup>144</sup>

## 23 September 2015

- 07:36: Numis ([name]) called Hargreave Hale (HH FM3) to give him his allocation (6 million shares at 184p, being equivalent to £11,040,000).<sup>145</sup> Hargreave Hale (HH FM3) asked Numis ([name]) 'NFM1 came in, did he?' Numis ([name]) laughed and said 'Yes, yes. Well I'm not supposed to...I ought to be able to answer that, but...I'm sure there are, you'll be, what can I say? Lots of other good quality... people around, put it that way'.<sup>146</sup>

## 25 September 2015

- 11:56: Newton (NFM1) sent Hargreave Hale (each of HH FM1, HH FM3 and HH FM2) an email thanking them if they had made a 'low ball bid' for OTB and that he thought they should do more of that:

*'If you did indeed come in with a lowball bid for OTB, thanks very much. I think we should do more of this – not be bullied by the brokers who say "this is coming at X price" like it or lump it. The fact is, there are relatively few funds with reasonable firepower in small cap IPOs and they days of high teen PE multiple deals should be well over...'*<sup>147</sup>

<sup>140</sup> UUID 876-72624-20, lines 100-104, transcript of a call between [name] (Numis) and HH FM3 (Hargreave Hale), 21 September 2015 at 12:47.

<sup>141</sup> UUID 876-66131-176-212, email from NFM1 (Newton) to HH FM3 (Hargreave Hale), 21 September 2015 at 13:46.

<sup>142</sup> UUID 876-66131-176-224, email from [name] (Hargreave Hale) to [name] (Numis), 21 September 2015 at 14:14.

<sup>143</sup> UUID 16430002, transcript of a call between HH FM3 (Hargreave Hale), [name] (Hargreave Hale) and [name] (Numis), 22 September 2015 at 13:21.

<sup>144</sup> UUID 876-66077-5, spreadsheet containing Numis' OTB Lync internal Chat for the period 1 September – 30 September 2015, row 211.

<sup>145</sup> UUID 876-72624-3, transcript of a call between HH FM3 (Hargreave Hale) and [name] (Numis), 23 September 2015 at 07:36, page, 1, lines 32-35.

<sup>146</sup> UUID 876-72624-3, transcript of a call between HH FM3 (Hargreave Hale) and [name] (Numis), 23 September 2015 at 07:36, page, 2, lines 59-70.

<sup>147</sup> UUID Nx-RXW-0125-01\_USB-113321-000000039, email from NFM1 (Newton) to HH FM1 (Hargreave Hale), HH FM3 (Hargreave Hale) and HH FM2 (Hargreave Hale), 25 September 2015 at 12:55.

## RAMAM

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### 18 September 2015

- RAMAM submitted an indicative order in the OTB IPO at the £270 million level, contingent on the private equity firm fully exiting and contingent on the £270m total market cap valuation.<sup>148</sup>

### 21 September 2015

- Recipients of the 08:10, 21 September Email included RAMAM (*RM FM*).
- 08:57: RAMAM (*RM FM*) replied to Newton's (*NFM1*) 08:10, 21 September Email, providing his own valuation of OTB. He wrote:

*'I think £270m post money contingent on full exit by PE is suitable. Less if not a full exit'*.<sup>149</sup>

- The 09:03, 21 September Email was sent to the same recipients as the 08:10, 21 September Email, and included RAMAM (*RM FM*).
- 09:05: Newton (*NFM1*) replied to RAMAM (*RM FM*):

*'Hey RM FM. I think full exit v unlikely given book coverage sounds thin at best but I may be wrong We have the power on this one...'*.<sup>150</sup>

- 09:49: Newton (*NFM1*) forwarded RAMAM's (*RM FM*) 08:57 email (in which RAMAM (*RM FM*) had provided a view on valuation) to BMO (*[name]*).<sup>151</sup>
- 13:48: RAMAM (*RM FM*) called Numis (*[name]*, *[title]*). Numis (*[name]*) told RAMAM (*RM FM*) that there were orders in the book at '260' and that RAMAM's (*RM FM*) contingency (i.e. a valuation based on Inflexion making a full exit from its ownership in OTB) ruled him out on the basis that there would be a 75% sell down by Inflexion.<sup>152</sup>
- 14:00: RAMAM (*RM FM*) sent an internal Bloomberg message to say *'Hi, please ring through OTB - STILL £17m but due to not being full exit now request £260m POST MONEY valuation'*.<sup>153</sup>
- 14:01: RAMAM (*[name]*, *[role]*) called Numis to confirm a RAMAM bid of £17 million (which was unchanged) and at a £260 million market cap with no contingency.<sup>154</sup>

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<sup>148</sup> UUID 876-66079-229, email from *[name]* (RAMAM) to *RM FM* (RAMAM) and RAMAM Dealing, copied to RAMAM UK Fund Managers, 18 September 2015 at 15:05.

<sup>149</sup> UUID 876-66119-12, Bloomberg message between *RM FM* (RAMAM) and *NFM1* (Newton), 21 September 2015. The message is stated as 07:57 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>150</sup> UUID 876-66219-1-81, email from *NFM1* (Newton) to *RM FM* (RAMAM), 21 September 2015 at 09:05. *NFM1* explained (FCA interview) his response as: *'we have the power on this one talks to the buy side and that given the supply and demand dynamics as I saw them, which primarily came from my conversations with [name] (Numis), information he freely shared with me, it was a natural conclusion to say that the buy side is in a strong position on this deal'*: UUID 11250002, *NFM1* Second FCA Interview Transcript, page 19, lines 689-694.

<sup>151</sup> UUID 876-66219-1-87, email from *NFM1* (Newton) to *[name]* (BMO), 21 September 2015 at 09:49.

<sup>152</sup> UUID 876-66079-253, transcript of a call between *[name]* (Numis) and *RM FM* (RAMAM), 21 September 2015 at 13:48, page 2.

<sup>153</sup> UUID 876-66119-18, Bloomberg message between RAMAM employees from 21 September 2015 to 22 September 2015. The message is stated as 13:00 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>154</sup> UUID 876-72626-3, transcript of a call between *[dealer]* (RAMAM) and Unknown (Numis), 21 September 2015 at 14:01.

- 14:02: RAMAM (*RM FM*) called Numis (*[name]*). RAMAM (*RM FM*) said he was sticking to his bid size of £17 million and in exchange for dropping the 100% exit condition, he would move to a valuation of '£260 million'.<sup>155</sup>
- 16:51: RAMAM revised their order to £12.96 million at a valuation of £260 million post new money or strike if lower.<sup>156</sup> This was following Numis telling RAMAM (*RM FM*) at 16:36 that the deal size was smaller and Inflexion would sell down less.

## 22 September 2015

- 13:18: RAMAM (*RM FM*) told Numis (*[name]*) on a call that RAMAM's order would be £13.2 million (including an amount equivalent to a 20% oversubscription) at a £240 million market cap.<sup>157</sup> This was following a conversation with Numis at 12:51 where RAMAM (*RM FM*) was informed that there was a big order contingent on 20% oversubscription and with a steer that £240 million would be the valuation for the company.<sup>158</sup>

## 23 September 2015

- At 07:02, Numis (*[name]*) sent RAMAM (*RM FM*) a Bloomberg message to say that RAMAM had received £11,040,000 worth of shares which was equivalent to 6 million shares (at 184 pence per share).
- At 07:03, Numis (*[name]*) confirmed RAMAM were one of three shareholders with a 6 million share allocation ('*so joint top shareholders*').<sup>159</sup>

## Communications with third parties

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The following communications with some third parties give some context to Newton's (*NFM1*) conduct in relation to OTB and are summarised here for that purpose.

### Henderson

#### 21 September 2015

- 08:38: Newton (*NFM1*) sent a Bloomberg message to Henderson (*[name]*, *[title]*). He said: '*Hi [name]. Just to draw your attention to a MSG I've sent to your Bloomberg mail re on the beach if you have any interest in that one*'.<sup>160</sup> Henderson (*[name]*) replied at 08:39 '*I have seen the message thank you*'.<sup>161</sup>
- 09:39: Henderson (*[name]*, *[title]*) called Numis (*[name]*). Henderson (*[name]*) said:

<sup>155</sup> UUID 876-66079-254, transcript of a call between *[name]* (Numis) and *RM FM* (RAMAM), 21 September 2015 at 14:02.

<sup>156</sup> UUID 876-72626-4, transcript of a call between *[name]* (RAMAM) and Unknown, 21 September 2015 at 16:51, page 2, lines 65-74.

<sup>157</sup> UUID 876-66079-260, transcript of a call between *[name]* (Numis) and *RM FM* (RAMAM), 22 September 2015 at 13:18.

<sup>158</sup> UUID 2500012, transcript of a call between *RM FM* (RAMAM) and *[name]* (Numis), 22 September 2015 at 12:51.

<sup>159</sup> UUID 876-66119-22, Bloomberg messages between RAMAM employees and Numis Securities employees, from 22 September to 23 September 2015.

<sup>160</sup> UUID 876-66219-1-136, Bloomberg messages between *[name]* (Henderson) and *NFM1* (Newton), 21 September 2015. The message is stated as 07.38 UTC. BST is quoted as that was the applicable time in the UK at that time.

<sup>161</sup> UUID 876-66219-1-136, Bloomberg message between *[name]* (Henderson) and *NFM1* (Newton), 21 September 2015. The message is stated as 07.38 UTC. BST is quoted as that was the applicable time in the UK at that time.

*'...we're actually feeling pretty compromised at the moment...There is correspondence flying around at the moment, which, from a compliance perspective, looks quite tricky'.<sup>162</sup>*

Henderson ([name]) said it was around 'pricing and book colour' and that 'I think it feels like there's quite an organised attempt to get the price down'.<sup>163</sup> Henderson ([name]) said '...I feel really uncomfortable being associated with that, put it that way'.<sup>164</sup> Henderson ([name]) said that he felt compromised by the 'stuff' going on around the deal and that it was specific to this transaction.

[Name] said 'God, that's weird. I mean, I wish I knew, is the honest answer, because funnily enough, we'd be the last to know. You can sort of take a guess at the people involved and whether they know each other etc'. [Name] said (FCA interview) '...my antenna was up on, around NFM1 and I was thinking about who does he know, who do I know that he's associated with etc'.<sup>165</sup>

- 09:51: Numis recorded the following message from [name] (of Numis) on its internal chat channel: 'Henderson Volantis are a No. [Name]. He offered up several excuses/reasons: (i) [...] (ii) [...] (iii) He feels compromised by some compliance matters, on which I can elaborate further offline'.<sup>166</sup>

## 22 September 2015

- 10:21: Numis ([name]) spoke to Henderson ([name]). [Name] said [name] (of Numis) had told him about [Name]'s call with [name] the day before. [Name] said he was calling to tell [name] about the revised deal and said he wanted to see if [name] was willing to share how strongly he felt at a different valuation and probably a smaller deal size. [Name] said to leave it with him but he said ordinarily when 'deals get cut we tend not to play'.<sup>167</sup>

## 23 September 2015

- 11:13: [Name] (of Numis) rang [name] ([title] at Numis) and told him that they had a 'little bit more' on the compliance reason that Henderson had intimated was one of reasons it did not participate in the OTB IPO.<sup>168</sup> [Name] (of Numis) said that Old Mutual ([name], a fund manager) told [name] (of Numis) that he should be aware that there was an email Old Mutual had handed to their compliance team that there was an opportunity for investors to put in orders to 260 million market

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<sup>162</sup> UUID 2500003, transcript of a call between [name] (Henderson) and [name] (Numis), 21 September 2015 at 09:39, page 4, lines 122-126.

<sup>163</sup> UUID 2500003, transcript of a call between [name] (Henderson) and [name] (Numis), 21 September 2015 at 09:39, page 4, lines 131 and 141-142.

<sup>164</sup> UUID 2500003, transcript of a call between [name] (Henderson) and [name] (Numis), 21 September 2015 at 09:39, page 4, lines 148-149.

<sup>165</sup> UUID 2500003, transcript of a call between [name] (Henderson) and [name] (Numis), 21 September 2015 at 09:39, page 7, lines 245-258 and UUID 16260001, [name] FCA Interview Transcript, page 109, line 3984-3986.

<sup>166</sup> UUID 876-66077-5, spreadsheet containing internal Numis group chat on OTB from 1 September 30 September 2015, row 114.

<sup>167</sup> UUID 19180001, transcript of a call between [name] (Henderson) and [name] (Numis), 22 September 2015 at 10:21, page 3, lines 90-91.

<sup>168</sup> UUID 19000006, transcript of a call between [name] (Numis) and [name] (Numis), 23 September 2015 at 11:13, page 1, lines 28-32.

cap not '270 or above', that people should adjust their orders accordingly and that the email was from Newton. Numis ([name]) said it was 'quite underhand'.<sup>169</sup>

## BlackRock

### 21 September 2015

- 08:18: BlackRock ([name], a fund manager) forwarded Newton's (NFM1) first OTB email to [name] (of BlackRock) stating that she was unsure if she should respond to it and if so, how.<sup>170</sup> [Name] (of BlackRock) said (FCA interview) 'I was concerned that NFM1 was not behaving the correct way by sending this email to whoever he sent it to, I don't know, including me'.<sup>171</sup>

### 22 September 2015

- 12:53: [Name] (of BlackRock) forwarded her email to [name] (of BlackRock) from 21 September to [name] ([title] of BlackRock) asking for a course of action.
- 13:39: [Name] (of BlackRock) said there was no immediate concern as they were not participating but that [name] (of BlackRock) was right to be cautious on the 'grounds of acting in concert'. [Name] (of BlackRock) suggested either she emailed Newton (NFM1) saying the email was contrary to BlackRock protocols or report him to his compliance officer.
- 14:05: [Name] (of BlackRock) replied to [name]'s (BlackRock) email of 13:39 and said she preferred his first option.<sup>172</sup>

### 23 September 2015

- 16:07: [Name] (of BlackRock) sent [name] (of BlackRock) a draft of an email to Newton (NFM1). [Name] (of BlackRock) replied at 16:44 with some alternative text.<sup>173</sup>
- 16:46: [Name] (of BlackRock) sent an email to NFM1 in reply to the Emails<sup>174</sup>:

*'I'm afraid I need to let you know that this kind of communication is not in line with Blackrock protocols. The reason being it could potentially give rise to a situation where a group of shareholders were viewed to be acting in concert with all the attendant implications. Whilst I'm certain that this was not your intention, I would prefer not to be canvassed in this way in the future.'*<sup>175</sup>

### 25 September 2015

- 12:00: Newton (NFM1) replied to BlackRock's ([name]) email of 23 September. Newton said:

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<sup>169</sup> UUID 19000006, transcript of a call between [name] (Numis) and [name] (Numis), 23 September 2015 at 11:13, page 2, line 52.

<sup>170</sup> UUID 876-72363-2, email from [name] (BlackRock) to [name] (BlackRock), 21 September 2015 at 08:18; see also UUID 16280001, [name] FCA Interview Transcript, page 19, lines 605-612.

<sup>171</sup> UUID 16280001, [name] FCA Interview Transcript, 6 October 2016, page 20, line 652-654.

<sup>172</sup> UUID 876-72363-2, email from [name] (BlackRock) to [name] (BlackRock), 23 September 2015 at 14:05.

<sup>173</sup> UUID 876-72363-2, email from [name] (BlackRock) to [name] (BlackRock), 23 September 2015.

<sup>174</sup> For NFM1's OTB emails, see UUID 876-66219-1-65, the 08:10, 21 September Email, and UUID 876-66219-1-78, 09:03, 21 September Email. Both emails are from NFM1 to various recipients.

<sup>175</sup> UUID 876-66219-1-125, email from [name] ([><] BlackRock) to NFM1 (Newton), 23 September 2015 at 16:46.

*'Hi [name]. I'm very sorry if this email put you in an awkward position. However, I did consider "concert party" rules but given none of the addressees were shareholders at the time and there was no "market" in the shares, there can be no wrongdoing. Concert party rules are set out to protect shareholders primarily in a takeover situation and "concert parties" are clearly defined as shareholders in an entity. Brokers clearly consult each other when considering the price of an IPO and this is no different in my view. If you or your Compliance believe otherwise I would be very interested to see this issue discussed in FCA documentation as I am confident that there was nothing wrong here....'*<sup>176</sup>

- 12:04: [Name] (of BlackRock) forwarded Newton's (NFM1) reply to [name] (of BlackRock). [Name] (of BlackRock) replied at 12:08 saying *'I think he got the message. We'll leave it there.'*<sup>177</sup>

## 2 October 2015

- 09:56: BMO ([name]) asked Newton (NFM1) via a Bloomberg message if Newton (NFM1) had responded to *'[name]'s curt email'*. BMO ([name]) asked Newton (NFM1) to *'send on'* and Newton (NFM1) replied *'not sure I can'*. Newton (NFM1) said at 09:59: *'i just fully apologised and said i considered compliance issues and came to conclusion no problem.'*<sup>178</sup>

## Old Mutual

### 21 September 2015

- 08:29: [Name] (a fund manager at Old Mutual) forwarded the 08:10, 21 September Email internally to [name] (a fund manager at Old Mutual), copying [name] (Analyst at Old Mutual), saying it was not a *'particularly conventional approach'*. At 09:02, [fund manager] (of Old Mutual) forwarded [fund manager]'s (of Old Mutual) email to [name] ([title] at Old Mutual) saying the UK Mid/Small Cap team had debated it and felt it was possibly a market abuse issue.<sup>179</sup>
- 09:06: [Fund manager] (of Old Mutual) forwarded the 08:10, 21 September Email and the 09:03, 21 September Email to [fund manager] (of Old Mutual), copying [name] (a fund manager at Old Mutual), [name] (a fund manager at Old Mutual), [name] (a fund manager at Old Mutual) and [analyst] (of Old Mutual) stating it was *'bizarre behaviour'*. At 09:08, [fund manager] (of Old Mutual) forwarded [fund manager]'s (of Old Mutual) email to [name] (of Old Mutual).<sup>180</sup>
- 12:12: [Name] (of Old Mutual) sent [fund manager] (of Old Mutual) a note on why it was believed it was not considered to report the matter further, copied to [name] ([senior officer] at Old Mutual).<sup>181</sup>

<sup>176</sup> UUID 876-72363-6, email from NFM1 (Newton) to [name] (BlackRock), 25 September 2015 at 12:00.

<sup>177</sup> UUID 876-72363-6, email from [name] (BlackRock) to [name] (BlackRock), 25 September 2015 at 12:08.

<sup>178</sup> UUID NX-RXW-0125-01\_USB1-113321-000000013, Bloomberg messages between NFM1 (Newton) and [name] (BMO), 2 October 2015.

<sup>179</sup> UUID 876-65557-2-31, email from [name] (Old Mutual) to [senior officer] (Old Mutual), 21 September 2015 at 09:30.

<sup>180</sup> UUID 876-65557-2-99, email from [fund manager] (Old Mutual) to [name] (Old Mutual) copied to [senior officer] (Old Mutual), 22 September 2015 at 14:04.

<sup>181</sup> UUID 876-65557-2-99, email from [fund manager] (Old Mutual) to [name] (Old Mutual) copied to [senior officer] (Old Mutual), 22 September 2015 at 14:04.

## 22 September 2015

- 14:04: [Fund manager] (of Old Mutual) replied to [name]'s (of Old Mutual) email of 21 September at 12:12, copying [senior officer] (of Old Mutual) to say it would be helpful to discourage Newton (NFM1) from doing something similar in future.<sup>182</sup>

## 23 September 2015

- 12:22: Numis ([name]) emailed [fund manager] (of Old Mutual) to ask for details of Old Mutual's compliance person. At 12:46, [fund manager] (of Old Mutual) forwarded that email to [name] (of Old Mutual), copying [fund manager] (of Old Mutual) to say he had mentioned Newton's (NFM1) 'stupid email' to Numis ([name]) albeit had not shown him a copy and saying it would be in their interests to let Numis know what had gone on.<sup>183</sup>
- 13:13: Numis ([name], [title]) emailed [name] (of Old Mutual) saying [fund manager] (of Old Mutual) had provided him with her details and that [fund manager] (of Old Mutual) had informed Numis about 'certain misgivings' concerning the behaviour of other OTB investors. He asked [name] (of Old Mutual) for a call.<sup>184</sup>
- [Name] (of Old Mutual) had a call with Numis ([name] and [name], [title]).<sup>185</sup> [Name] (of Old Mutual) said (FCA interview) that she thought the call was held at 14:45. Numis ([name]) said they had heard 'third hand' about some of the 'stuff' that had happened during the price discovery process and was considering whether they had any obligations to report inappropriate behaviour.<sup>186</sup> [Name] (of Old Mutual) explained that her firm had received emails from Newton (NFM1) that they were concerned about. She said she did not consider it had a reporting obligation [X].<sup>187</sup> She said that they had tried to block NFM1's (of Newton) email address so they would be unable to receive further emails from him.<sup>188</sup> She also confirmed she needed to speak to her legal team as to whether she could share Newton's (NFM1) communications with Numis.<sup>189</sup>
- 15:15: [Name] (of Old Mutual) emailed Newton ([name], [title]), copying [senior officer] (of Old Mutual) to bring the 08:10, 21 September Email and the 09:03 21 September Email to his attention and to ask if she could discuss them with [name] (of Newton). She noted that Numis were aware of her email to [name] (of Newton).<sup>190</sup>

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<sup>182</sup> UUID 876-65557-2-99, email from [fund manager] (Old Mutual) to [name] (Old Mutual) copied to [senior officer] (Old Mutual) 22 September 2015 at 14:04.

<sup>183</sup> UUID 876-65557-2-90, email from [fund manager] (Old Mutual) to [name] (Old Mutual), 30 September 2015 at 11:35.

<sup>184</sup> UUID 876-65557-2-78, email from [name] (Old Mutual) to [name] (Numis), 28 September 2015 at 11:42, page 3.

<sup>185</sup> UUID 19120001, transcript of a call between [name] (Old Mutual), [name] (Numis) and [name] (Numis), 23 September 2015 at 06:14.

<sup>186</sup> UUID 19120001, transcript of a call between [name] (Old Mutual), [name] (Numis) and [name] (Numis), 23 September 2015 at 06:14, page 2, lines 59-64.

<sup>187</sup> UUID 19120001, transcript of a call between [name] (Old Mutual), [name] (Numis) and [name] (Numis), 23 September 2015 at 06:14, pages 2-3, lines 72-79.

<sup>188</sup> UUID 19120001, transcript of a call between [name] (Old Mutual), [name] (Numis) and [name] (Numis), 23 September 2015 at 06:14, page 4, lines 119-122.

<sup>189</sup> UUID 19120001, transcript of a call between [name] (Old Mutual), [name] (Numis) and [name] (Numis), 23 September 2015 at 06:14, page 4, lines 126-135.

<sup>190</sup> UUID 876-65557-2-29, email from [name] (Old Mutual) to [name] (Newton), copied to [senior officer] (Old Mutual), 23 September 2015 at 15:15.

## 28 September 2015

- 08:10: Numis ([name]) emailed [name] (of Old Mutual), copying colleagues ([name], [title] and [name]) asking if she was able to share 'the email' with them. [Name] (of Old Mutual) replied at 11:42 to say she was following up with her legal team but providing the timings of Newton's (NFM1) emails.<sup>191</sup>
- 12:59: Old Mutual ([name]) emailed Numis ([name]) to say that Old Mutual's legal team had suggested they put Numis ([name]) in contact with Newton's Compliance team to get further information and copying Newton ([name], [title]).<sup>192</sup>

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<sup>191</sup> For NFM1's OTB emails, see UUID 876-66219-1-65, the 08:10, 21 September Email, and UUID 876-66219-1-78, the 09:03, 21 September Email. Both emails are from NFM1 to various recipients.

<sup>192</sup> UUID 876-65557-2-37, email from [name] (Old Mutual) to [name] (Numis), copied to [name] (Newton), 28 September 2015 at 12:59.



## Annex 3: Card Factory IPO chronology

### Artemis and Newton

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#### 25 April 2014

- 09:26: Artemis (*Artemis Analyst*) sent an email to Newton (*NFM1*) asking: 'You going for Card?'.<sup>193</sup>
- 09:43: Artemis (*Artemis Analyst*) sent an internal email to his colleagues at Artemis, saying that he has given 'very strong, detailed feedback' to Morgan Stanley 'arguing for the bottom of the range, interest beginning at £800m... becoming increasingly strong down to £700m...'.<sup>194</sup>
- 09:53: Newton (*NFM1*) responded to Artemis' (*Artemis Analyst*) email:  
*'Not sure about Cards...did two pilot fishes....seeing analyst today'*.<sup>195</sup>
- 10:47: Artemis (*Artemis Analyst*) replied to Newton (*NFM1*):  
*'I'm strongly talking the range down to £700-800m'*.<sup>196</sup>
- 10:58: Newton (*NFM1*) responded:  
*'Good plan*  
*13x 2015*<sup>197</sup> *...similar to where Pets is now*  
*Fair enough*<sup>198</sup>
- 11:09: Artemis (*Artemis Analyst*) replied:  
*'Don't you mean Pets is on 13x Mar-16? I still think it is expensive. Pets has a slug of financial debt and a load of lease liabilities (9 years!)*  
*Card has modest financial debt but negligible lease liabilities (just 3yr length). £700-800m would be 13x Card Jan-15.*<sup>199</sup>

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<sup>193</sup> UUID 876-69001-2, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 25 April 2014 at 11:08, page 3.

<sup>194</sup> UUID 876-69252-92, email from *Artemis Analyst* (Artemis) to Artemis colleagues and copied to *AFM1* (Artemis), 25 April 2014 at 09:43. See UUID 11270001, transcript of an FCA interview with *Artemis Analyst* ('*Artemis Analyst* FCA Interview Transcript'), 27 October 2016, page 3, lines 103-105: *Artemis Analyst* said in interview that he had been a research analyst for Artemis *fund name*, managed by fund manager *Artemis FM1*.

<sup>195</sup> UUID 876-69001-2, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 25 April 2014 at 11:08, page 2. See UUID 29340001, *NFM1*'s second witness statement, 23 June 2017, paragraphs 6 and 9: *NFM1* said his recollection was that this was a reference to a meeting which he attended with [*analyst*] and [*analyst*] (both [*roles*]) and the analyst from Nomura (one of the bookrunners on the IPO).

<sup>196</sup> UUID 876-69001-2, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 25 April 2014 at 11:08, page 2.

<sup>197</sup> UUID 11270001, *Artemis Analyst* FCA Interview Transcript, page 36, lines 1319-1323: in interview, *Artemis Analyst* explained 'So the "13 times" refers to the profits, the multiple of the profits, which is one route to assessing what an appropriate price of a business should be. "2015" would be the...either the calendar year or the fiscal year that it relates to, in other words, it's not the 2020 profit forecast...'

<sup>198</sup> UUID 876-69001-2, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 25 April 2014 at 11:08, page 1.

<sup>199</sup> UUID 876-69001-2, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 25 April 2014 at 11:08, page 2.

## 29 April 2014

- 14:31: Artemis (*Artemis Analyst*) wrote to Newton (*NFM1*):  
*'View on Card Factory? I'm trying to talk it down to 12-14x'.<sup>200</sup>*
- 14:32: Newton (*NFM1*) responded:  
*'Cardies at 12x 14 wd be good yes.. not the kind of stock to surprise on EPS really given high margs.'<sup>201</sup>*

## 1 May 2014

- Early in the morning of 1 May 2014, Card Factory announced the price range for its IPO (i.e. 225p to 300p which corresponded to a market value of £767 million to £954 million).<sup>202</sup>
- 09:37: *Artemis Analyst* (of Artemis) sent an internal email to his colleagues at Artemis asking if anyone was likely to go for Card Factory. *Artemis Analyst* explained that they were seeing management of the company that afternoon and *'if AFM1 likes it as much as I do, will probably put in our allocation this afternoon'*. He also added: *'But if others need more time we can hold off'*.<sup>203</sup> *Artemis Analyst* also added a table at the end of the email with proposed valuation multiples relating to Card Factory using a price earnings ratio measure ('PE') for the years 2014-2017. It included PEs in relation to bottom of the range to top of the range i.e. *'bottom £767m'* to *'top £954m'*.<sup>204</sup>
- 10:02: BMO ([*name*]) asked Newton (*NFM1*) via a Bloomberg message: *'What do you think of card factory?'*.<sup>205</sup> Newton (*NFM1*) responded: *'good but am getting a bit fed up of these ipos'* and also added: *'want beneath range'*.<sup>206</sup>
- 10:06: Newton (*NFM1*) forwarded an email he received from UBS that morning with the price range for Card Factory to Artemis (*Artemis Analyst*) and wrote:  
*'I wont be participating in this range  
£700m more realistic  
Use the phrase 'we don't have to do anything'  
Thoughts?'*<sup>207</sup>
- 10:09: Artemis (*Artemis Analyst*) replied to Newton (*NFM1*). He wrote:

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<sup>200</sup> UUID 876-69001-3, Bloomberg message between *NFM1* (Newton) and *Artemis Analyst* (Artemis), 29 April 2014. The message is stated as 13:31 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>201</sup> UUID 876-69001-3, Bloomberg messages between *NFM1* (Newton) and *Artemis Analyst* (Artemis), 29 April 2014. The message is stated as 13:32 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>202</sup> UUID 876-66220-0-53, email from [*name*] (Nomura) to multiple recipients, 1 May 2014 at 07:01; UUID 876-66071-25, email from [*name*] (UBS) to *Artemis Analyst* (Artemis), 1 May 2014 at 07:25; UUID 876-66071-33, email from [*name*] (Morgan Stanley) to undisclosed recipients, 1 May 2014 at 08:26.

<sup>203</sup> UUID 876-66071-37, email from *Artemis Analyst* (Artemis) to Artemis colleagues, 1 May 2014 at 09:36.

<sup>204</sup> UUID 876-66071-37-1, *Artemis Analyst's* valuation table which was attached to UUID 876-66071-37, email to Artemis colleagues, 1 May 2014.

<sup>205</sup> UUID 876-66220-0-23, Bloomberg message between [*name*] (BMO) and *NFM1* (Newton), between 30 April 2014 and 1 May 2014. The message is stated as 09:02 UTC. BST is quoted as that was the applicable time in the UK at the time.

<sup>206</sup> UUID 876-66220-0-23, Bloomberg message between [*name*] (BMO) and *NFM1* (Newton) between 30 April 2014 and 1 May 2014. *NFM1* also clarified at 10:04: *'I want 700m v 760m bottom'* to which [*name*] replied 'ok'.

<sup>207</sup> UUID 876-66220-0-35, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 1 May 2014, page 2.

*'My understanding is that it will get away at £800m. This one certainly isn't "hot". I'm taking AFM1 to see them this afternoon. Much depends on his view. If he isn't that keen, I'll really try to screw the price down towards £650-700m. But he may be happy at £750m.*

*You could always put your order in now at £700m – that will send a v strong signal'.<sup>208</sup>*

- 10:16: Newton (*NFM1*) replied to Artemis (*Artemis Analyst*):

*'Don't believe the brokers...*

*Was only 5 people on the buy-side trip to B&M yesterday-which has an absolutely sensational story to be fair*

*I don't think this is a hot market at all*

*Friend of a friend at Bluecrest hedge said she is done with IPOs having got burned on Pets...'<sup>209</sup>*

- Newton (*NFM1*) immediately forwarded his email correspondence with Artemis (*Artemis Analyst*) to BMO ([*name*]).<sup>210</sup>

- 11:12: Artemis (*Artemis Analyst*), after having exchanged his view on the deal with Newton (*NFM1*) (see conversation which started at 10:06 above), sent another email to his colleagues at Artemis and copied *AFM1*.<sup>211</sup>

- He wrote:

*'I've added a new valuation line to the table. I'm [X]. The froth seems to have gone out of the IPO market. There were only 5 investors on the second B&M site visit yesterday (cf full coachload on 8th April). Pets at Home will have burned some funds, probably.*

*I'm tempted to put in an order below the bottom of the range'.<sup>212</sup>*

- Artemis (*Artemis Analyst*) also inserted in the 11:12 email a new top line to his valuation table sent at 09:37:

*'P/E – [X] £700m'.*

- 11:18: Artemis (*Artemis Analyst*) responded to Newton's (*NFM1*) email of 10:16. He wrote:

*'My initial feedback before the range came out was strong demand at £700m. I'm trying to co-ordinate three funds. Our fund's stance will become clear after seeing management 2.30pm today. I always like a discount.'<sup>213</sup>*

<sup>208</sup> UUID 876-66220-0-35, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 1 May 2014, page 2.

<sup>209</sup> UUID 876-66220-0-35, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 1 May 2014, page 1.

<sup>210</sup> UUID 876-66220-0-29, email from *NFM1* (Newton) to [*name*] (BMO), 1 May 2010 at 10:16.

<sup>211</sup> UUID 876-66071-45, email from *AFM2* (Artemis) to Artemis colleagues, 1 May 2014 at 11:50. This time he also copied *AFM1* and [*name*].

<sup>212</sup> UUID 876-66071-45, email from *AFM2* (Artemis) to Artemis colleagues, 1 May 2014 at 11:50, page 2.

<sup>213</sup> UUID 876-66220-0-35, email from *Artemis Analyst* (Artemis) to *NFM1* (Newton), 1 May 2014, page 1.

- Artemis saw the management of the company in the afternoon of 1 May 2014. *Artemis Analyst* (of Artemis) also confirmed (FCA interview) that his recommendation given to *AFM1* (also of Artemis) was to participate within the range.<sup>214</sup>

## 2 May 2014

- The next day, on 2 May 2014 at around noon, Artemis submitted to the book-builders an order in Card Factory. Artemis applied for £22.74 million of shares at the price of 225p per share.<sup>215</sup> £14.74 million of this order was on behalf of Artemis' [*fund name*] run by *AFM2* and £8 million was on behalf of Artemis' [*fund name*] run by *AFM1*.
- Artemis did not amend its order before the books closed on 14 May 2014.
- 16:17: Morgan Stanley ([*name*], [*role*]) called Newton (*NFM1*) to get feedback from him on a meeting with Card Factory which took place that day. *NFM1* said: '*I'll be open to you; we are not interested in the price range*'.<sup>216</sup> Morgan Stanley ([*name*]) acknowledged this and asked Newton (*NFM1*) to let him know at what price/level he would be interested to participate. He also proposed to catch up on Tuesday 6 May 2014.<sup>217</sup>

## 6 May 2014

- Newton (*NFM1*) had a call with Morgan Stanley ([*name*]) in which he informed Morgan Stanley ([*name*]) that he was willing to pay '*around 700 market cap... which is kind of 11ish times next year's earnings*'.<sup>218</sup> Morgan Stanley ([*name*]) replied that: '*At the moment at least you know I guess there has been orders that have come in towards that lower end of the published range*'.<sup>219</sup>

## 7 May 2014

- Newton (*NFM1*) discussed the IPO with BMO ([*name*]) on Bloomberg. Newton (*NFM1*) wrote: '*im passing... wanting it 10% cheaper than bottom*'.<sup>220</sup>
- 17:07: [*Analyst*] (of Newton) sent a note internally from a meeting Newton had with Card Factory on 2 May 2014. [*Analyst*] also included in her note a recommendation on the price ('*That being said, we do feel that the Card Factory IPO is worth taking a look at the low end of the pricing range*').<sup>221</sup>

<sup>214</sup> UUID 11270001, *Artemis Analyst* FCA Interview Transcript, page 62, lines 2266-2267.

<sup>215</sup> UUID 876-69252-196, email from *Artemis Analyst* (Artemis) to Morgan Stanley, 2 May 2014 at 12:00. See UUID 876-69252-197, emails between *AFM2* (Artemis) and Artemis' internal dealing team, 2 May 2014 between 12 noon and 12:14: *Artemis Analyst* submitted Artemis' order with Morgan Stanley for £15 million for the Artemis [*fund name*] (run by *AFM2* at Artemis) and £8 million for the [*fund name*] (run by *AFM1*) and specified that the total order was £23 million. *AFM2* asked the Artemis dealers on 2 May at 12:00 to bid for 14.74m shares for his fund and [*name*] replied at 12:15 that Artemis' order as reflected to the bookrunners was '*£22m ltd @ 225p*'.

<sup>216</sup> UUID 19070008, transcript of a call between [*name*] (Morgan Stanley) and *NFM1* (Newton), 2 May 2014 at 16:17, page 6, lines 206-207.

<sup>217</sup> UUID 19070008, transcript of a call between [*name*] (Morgan Stanley) and *NFM1* (Newton), 2 May 2014 at 16:17.

<sup>218</sup> UUID 25930001, transcript of a call between [*name*] (Morgan Stanley) and *NFM1* (Newton), 6 May 2014 at 15:03, page 2, lines 65-66 and 70.

<sup>219</sup> UUID 25930001, transcript of a call between [*name*] (Morgan Stanley) and *NFM1* (Newton), 6 May 2014 at 15:03, page 3, lines 79-81.

<sup>220</sup> UUID 876-69001-5, Bloomberg messages between [*name*] (BMO) and *NFM1* (Newton), beginning 5 May 2014 at 07:00. See UUID 876-67217-1-5, email from [*name*] (UBS) to undisclosed recipients, 7 May 2014 at 07:08. The book-builders were sending emails to potential investors informing that the books were covered on the base deal size within the announced price range.

<sup>221</sup> UUID 876-67217-0-10, internal note '*Card Factory Pre-IPO meeting*', 2 May 2014 attached to UUID 876-67217-0-9, email from *NFM2* (Newton) to Newton colleagues, 12 May 2014 at 16:28.

## 12 May 2014

- Forwarding [*analyst*]'s email of 7 May 2014, Newton (*NFM1*) sent an email internally to [*name*] asking if the [*fund name*] (fund) could apply for a weighting of 1.5% in the Card Factory at £2.50 or cheaper. He said:

*`Reason*

- 1. Cheap*
- 2. Management got a very good right up from our two analysts who saw them*
- 3. I believe the company has a great product at an excellent price that it will be able to roll out to the South of England very successfully...*

*...The deal is likely to price Wednesday afternoon. NFM1 is not going for it as he believes the stock is 10% over priced at the bottom of the range*<sup>222</sup>

## 13 May 2014

- 14:14: Newton submitted its bid in Card Factory for 125,000 shares at 250p per share or cheaper.<sup>223</sup> The order was placed on behalf of *NFM2* (of Newton).
- 14:16: Newton was informed that the price range was narrowed down to 225p-240p per share and Newton confirmed it has just put in its bid at strike.<sup>224</sup>

## 14 May 2014

- 09:58: Newton asked the book-builder whether the price was still 225p-240p and on hearing that it was, confirmed that its bid was at strike.<sup>225</sup>
- The price range was reduced once again to 225-230p per share. Newton retained its bid at strike.<sup>226</sup>
- 14:30: The books closed around 14:30 that day and the final price settled at 225p per share. The trading started the day after the IPO, 15 May 2014.

## 15 May 2014

- Allocations for Card Factory were released. Newton was allocated 125,000 shares at a price of 225p per share which represented 0.1% of the total allocation. Artemis was allocated 10,100,000 shares which made them the second largest investor in the IPO with approximately 7.7% of the total allocation.

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<sup>222</sup> UUID 876-67217-0-9, email from *NFM2* (Newton) to Newton colleagues, 12 May 2014 at 16:28.

<sup>223</sup> UUID 18980005, transcript of a call between [*name*] (Newton) and Unknown, 13 May 2014 at 14:14. See UUID 43520001, transcript of an FCA interview with *NFM2*, 26 September 2017, pages 16-17, lines 591-601: *NFM2* confirmed in interview that this bid was in effect 'at strike' assuming that price was £2.50 per share or less.

<sup>224</sup> UUID 18980006, transcript of a call between [*name*] (Newton) and Unknown, 13 May 2014 at 14:16.

<sup>225</sup> UUID 18980007, transcript of a call between [*name*] (Newton) and Unknown, 14 May 2014 at 09:58.

<sup>226</sup> UUID 18980008, transcript of a call between [*name*] (Newton) and Unknown, 14 May 2014 at 14:14.