FINANCIAL CONDUCT AUTHORITY

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FINAL NOTICE

To: **Tejoori Limited**

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British Virgin Islands

Date: **13 December 2017**

1. ACTION

1.1. For the reasons given in this Notice, the Authority hereby imposes on Tejoori Limited (Tejoori) a financial penalty of £70,000 for breaching Article 17(1) of the Market Abuse Regulation (EU No. 596/2014) (MAR) between 12 July and 23 August 2016 (Relevant Period).

1.2. Tejoori agreed to settle at an early stage of the Authority's investigation and therefore qualified for a 30% discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £100,000 on Tejoori.

2. SUMMARY OF REASONS

2.1. Tejoori is a self-managed closed-ended investment company that is incorporated and domiciled in the British Virgin Islands and is managed from the United Arab Emirates. Tejoori's shares were admitted to trading on AIM on 24 March 2006. On 7 and 8 November 2017, Tejoori announced the proposed cancellation of its admission to trading on AIM, which occurred on 6 December 2017.

2.2. Tejoori breached Article 17(1) of MAR because it failed to inform the public as soon as possible of inside information which directly concerned it. Specifically, Tejoori failed to release an announcement as soon as possible after being notified that there was a reasonable expectation that it would be required to sell one of its two existing investments for no initial consideration with the possibility of receiving deferred consideration.

2.3. Prior to the Relevant Period, in early 2016, Tejoori had two investments with a total value of USD 17.26 million. One of Tejoori's investments was a 10.1% shareholding in BEKON Holding AG (BEKON), a privately owned German renewable energy company, which Tejoori valued at USD 3.35 million.

2.4. The BEKON shareholders' agreement contained a drag-along provision that could be used by majority shareholders to require other shareholders to sell their BEKON shares in the event of a takeover.

2.5. On 12 July 2016, Tejoori was notified that several major shareholders of BEKON had indicated that they would issue a drag-along notice to the other shareholders that would require them to sell their shares in BEKON as part of a takeover by Eggersmann Gruppe GmbH & Co. KG (Eggersmann), a privately owned German limited liability company. The drag-along notice would require Tejoori to sign a share purchase agreement (SPA) with Eggersmann. Under the terms of the SPA, Tejoori would sell its BEKON shares to Eggersmann for no initial consideration with the possibility of receiving deferred consideration that was significantly less than Tejoori's valuation of its investment in BEKON.

2.6. Tejoori received the signed drag-along notice on 19 July 2016 and its shares in BEKON were transferred to Eggersmann on 10 August 2016. On 11 August 2016, BEKON and Eggersmann both issued press releases regarding Eggersmann's acquisition of BEKON. The press releases did not refer to Tejoori and Tejoori did not release an announcement at that time.

2.7. On 22 August 2016, Tejoori's share price closed 21% higher than the previous day. Tejoori's share price continued to rise throughout the following day and closed 14% up, representing a 38% increase over two days. The increase in Tejoori's share price coincided with online investor bulletin board discussions about the 11 August 2016 press releases. The bulletin board users speculated about the amount of consideration that Tejoori may have received from the sale of its BEKON shares and they regarded the sale as a positive development.

2.8. The increasing share price prompted the London Stock Exchange to contact Tejoori's nominated adviser (Nomad) in the morning of 23 August 2016. The Nomad then contacted Tejoori to enquire about the reason for the share price rise. Tejoori responded that it was not in the possession of inside information and was not aware of the reason for the price rise. Later that day, the Nomad was made aware of BEKON's 11 August 2016 press release and the online speculation regarding the takeover by Eggersmann. The Nomad sought clarification from Tejoori, but Tejoori informed the Nomad that it had not sold its shareholding in BEKON. The Nomad only obtained clarification of the correct position when Tejoori's German legal adviser (legal representative) subsequently informed the Nomad that Tejoori had indeed sold its shares in BEKON. Tejoori was mistaken when it informed the Nomad that it was not in the possession of inside information and also when it informed the Nomad that it had not sold its shareholding in BEKON. Tejoori's misapprehension about its shareholding in BEKON was caused by its failure to understand the consequences of entering into the SPA with Eggersmann.

2.9. Tejoori released an RNS announcement on 24 August 2016 regarding the sale of its shares in BEKON. The announcement confirmed that Tejoori had received no initial consideration from the sale and that it was unable to assess, at that time, whether it would receive any future consideration. Tejoori's share price closed 13% down on the day of the announcement.

2.10. The prompt disclosure of inside information is vital for maintaining investor confidence in the integrity of the financial markets. An issuer's failure to promptly disclose inside information creates a false market in the issuer's shares because the information available to investors is materially incomplete.

2.11. Tejoori's breach of Article 17(1) of MAR created a false market in Tejoori's shares for the entire Relevant Period. Investors who traded in Tejoori's shares during that time would have done so on the basis of materially incomplete information, which prevented them from making fully informed investment decisions.

2.12. The Authority therefore hereby imposes a financial penalty on Tejoori in the amount of £70,000 pursuant to section 123(2) of the Financial Services and Markets Act 2000 (the Act).

2.13. The Authority has considered the nature and extent of co-operation provided by Tejoori. Tejoori notified the Authority of its breach of Article 17(1) of MAR,

provided an account of the events leading up to the breach, and co-operated fully with the investigation.

3. DEFINITIONS

3.1. The definitions below are used in this Final Notice:

'the Act' means the Financial Services and Markets Act 2000;

'the Authority' means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority;

'BEKON' means BEKON Holding AG;

'Board' means the board of directors of Tejoori Limited;

'DEPP' means the Authority's Decision Procedure and Penalties Manual;

'Eggersmann' means Eggersmann Gruppe GmbH & Co. KG;

'EUR' means Euros;

'legal representative' means Tejoori's German legal adviser;

'MAR' means the Market Abuse Regulation (EU No. 596/2014);

'MTF' means multilateral trading facility;

'Nomad' means Tejoori's nominated adviser;

'RNS' means Regulatory News Service, a regulatory communications channel operated by the London Stock Exchange;

'SPA' means the share purchase agreement for Eggersmann's acquisition of BEKON;

'Tejoori' means Tejoori Limited, a company incorporated and domiciled in the British Virgin Islands with registration number 677553;

'the Tribunal' means the Upper Tribunal (Tax and Chancery Chamber); and

'USD' means United States Dollars;

4. FACTS AND MATTERS

Background

4.1. Tejoori was incorporated in the British Virgin Islands in September 2005 and is a self-managed closed-ended investment company that is managed from the United Arab Emirates. Tejoori's shares were admitted to trading on AIM on 24 March 2006 having raised USD 41.56 million (before expenses) through a placing of ordinary shares at USD 1.5 per share. On 7 and 8 November 2017, Tejoori released RNS announcements regarding the proposed cancellation of its admission to trading on AIM, which occurred on 6 December 2017.

4.2. Tejoori's investment strategy is to achieve long-term capital growth through investments that are socially responsible and in accordance with the principles of Sharia.

4.3. BEKON is a renewable energy company based in Germany that uses proprietary technology to convert biodegradable waste into electricity. BEKON was founded in 1992 and by 2006 it had demonstrated to Tejoori's satisfaction the reliability and profitability of its technology.

4.4. In December 2006, Tejoori agreed to invest up to EUR 6 million to acquire a 16.7% shareholding in BEKON. Tejoori agreed to pay up to EUR 3 million to buy out an existing shareholder and to invest an additional EUR 3 million to help finance BEKON's expansion and working capital needs. By 30 June 2010, Tejoori had invested EUR 6 million, which was carried at its cost of approximately USD 8 million because Tejoori considered that it was impracticable to reliably assess the fair value of the investment.

4.5. Tejoori did not increase its investment in BEKON thereafter and its shareholding was gradually diluted as BEKON increased its share capital by the issue of new shares. As at 30 June 2013, Tejoori's shareholding in BEKON had been diluted to 11.69% and Tejoori estimated the fair value of its investment to be USD 4.84 million. On 2 July 2013, Tejoori's investment in BEKON was further diluted to 10.1% due to an additional increase in share capital by BEKON. On 30 June 2014, Tejoori valued its 10.1% investment in BEKON at USD 4.5 million and 12 months later, as at 30 June 2015, it valued it at USD 3.35 million.

4.6. Tejoori's interim results for the six months ended 31 December 2015 were released on 5 February 2016. At that time, Tejoori had two existing investments with a total value of USD 17.26 million, which included Tejoori's investment in

BEKON that was valued at USD 3.35 million. The interim results noted that "[d]*espite all the challenges that BEKON has faced, the Board remains confident of the future prospects of this investment*".

Chronology

4.7. Tejoori first became aware that BEKON might be acquired by Eggersmann, a privately owned German limited liability company, on 23 May 2016. On 12 July 2016, Tejoori was informed that there was a reasonable expectation that it would soon be required to sell its investment in BEKON for no initial consideration with the possibility of receiving deferred consideration. The fact of that sale and its impact on Tejoori were not announced by Tejoori until 24 August 2016.

4.8. Set out below is a chronology of the events that led to the sale of Tejoori's investment in BEKON and which ultimately resulted in the announcement of 24 August 2016.

4.9. On 23 May 2016, BEKON updated its shareholders, including Tejoori, about its financing arrangements and potential corporate developments, including offers relating to a potential takeover of BEKON. As part of the update, BEKON notified its shareholders that it had received a takeover offer from Eggersmann.

4.10. On 8 June 2016, BEKON advised its shareholders that, on the basis of Eggersmann's offer, it had reached a non-binding agreement on a letter of intent and that Eggersmann was now preparing a draft SPA for the acquisition of all shares in BEKON. Eggersmann's offer included: (i) EUR 2 million cash for all of BEKON's shares; (ii) payment of certain taxes that BEKON owed to the Italian authorities; and (iii) deferred consideration based on the future performance of certain projects. BEKON advised its shareholders that the estimated total value of Eggersmann's proposal was between EUR 7 million and EUR 18 million. BEKON's shareholders were asked to consider the terms of Eggersmann's offer.

4.11. To enable shareholders to assess the offer, BEKON provided its shareholders with a spreadsheet for calculating what each of them could expect to receive in exchange for their shares in BEKON in the event that Eggersmann's offer was accepted. The calculation was partly based on the rights of preferential shareholders which was problematic for Tejoori because it would only receive deferred consideration, which was dependent on the future performance of certain projects. According to the spreadsheet, in the best case scenario Tejoori could expect to receive EUR 1.15 million in deferred consideration over 5 years.

The spreadsheet included a disclaimer that it was prepared by BEKON for illustration only.

4.12. The following day, Tejoori's legal representative informed Tejoori that BEKON was considering a number of proposals to sell the company and that the deferred consideration from the sale to Eggersmann depended on the future earnings from certain projects. The legal representative advised Tejoori that it was "*most likely that Tejoori would not receive anything from such earn out, i.e. Tejoori would give its Bekon shares away for free.*" Accordingly, the legal representative advised against the sale to Eggersmann so long as the existing preferences were in place.

4.13. On 29 June 2016, Tejoori's legal representative informed Tejoori that some of BEKON's major shareholders had declared their support for the proposed sale to Eggersmann and that they would exercise their rights in accordance with the drag-along provision to require the remaining shareholders to sell their shares. The legal representative noted that it was "*irrelevant how Tejoori positions itself*" and that the "*terms are very unattractive*". Nonetheless, the legal representative advised Tejoori to vote against the proposal because it could help Tejoori in future discussions with Eggersmann.

4.14. On 12 July 2016, BEKON informed its shareholders that the SPA was ready to be finalised. BEKON noted that several major shareholders had indicated that they supported the sale and intended to use their drag-along rights in respect of the remaining BEKON shareholders. BEKON provided its shareholders with the draft drag-along notice that would be used by the major shareholders to require Tejoori and the other minority shareholders to sell and transfer all of their BEKON shares to Eggersmann.

4.15. BEKON also provided its shareholders with the final SPA and a spreadsheet to calculate the consideration that each shareholder could expect to receive from the sale to Eggersmann. According to the spreadsheet, Tejoori would receive no initial consideration and in the best case scenario it could expect to receive EUR 1.15 million in deferred consideration over 5 years, which was significantly less than the USD 3.35 million valuation that Tejoori had attributed to its investment in BEKON in its most recent interim results that were published on 5 February 2016. BEKON asked the major shareholders that supported the transaction to inform BEKON whether they agreed with the terms and conditions and the final SPA.

4.16. The following day, Tejoori's legal representative advised Tejoori that because it would soon be required to sign the SPA with Eggersmann it should provide the legal representative with a power of attorney authorising the legal representative to execute the SPA on Tejoori's behalf. The legal representative advised Tejoori to treat the request for a power of attorney as a matter of urgency.

4.17. Following the communications on 12 and 13 July 2016, the Board was under a fundamental misapprehension regarding the nature of the upcoming transaction. The Board mistakenly believed that the value of Tejoori's investment in BEKON would not change by entering into the SPA with Eggersmann. Because the sale to Eggersmann was being forced by virtue of drag-along rights in the BEKON shareholders' agreement and because Tejoori would not receive any initial consideration, the Board mistakenly believed that Tejoori's BEKON shares would not be transferred to Eggersmann until Tejoori received the deferred consideration, which would be calculated by reference to the future performance of certain projects over 5 years. As such, the Board mistakenly believed that it would not dispose of its interest in BEKON until a later date and that misunderstanding, combined with the knowledge that Tejoori would not invest any additional funds in BEKON, led the Board to believe that the value of Tejoori's investment in BEKON would not change simply by entering into the SPA with Eggersmann.

4.18. On 19 July 2016, Tejoori received the signed drag-along notice from BEKON's majority shareholders. The notice required Tejoori to sell and transfer all of its BEKON shares to Eggersmann and to sign the SPA within 10 business days from the date of receipt of the notice. Included with the drag-along notice was an updated spreadsheet for calculating the amount of consideration that Tejoori and the other BEKON shareholders could expect to receive from the sale of their shares. According to the spreadsheet, Tejoori would receive no initial consideration and, in the best case scenario, it could expect to receive EUR 1.16 million in deferred consideration over 5 years.

4.19. On 27 July 2016, Tejoori granted its legal representative a power of attorney to sign the SPA with Eggersmann. The following day the legal representative signed the SPA, which obliged Tejoori to transfer its BEKON shares to Eggersmann upon payment of the initial purchase price to BEKON's majority shareholders.

4.20. Tejoori's shares in BEKON were transferred to Eggersmann on 10 August 2016. On 11 August 2016, BEKON and Eggersmann both issued press releases

regarding Eggersmann's acquisition of BEKON. Eggersmann's press release stated that it had acquired 100% of the shares in BEKON. BEKON's press release stated that BEKON had been taken over by Eggersmann and was now part of Eggersmann. The press releases did not refer to Tejoori and Tejoori did not release an announcement at that time.

4.21. On 22 August 2016, Tejoori's share price increased from USD 0.33 to 0.40 to close approximately 21% higher than the previous business day. The volume traded was 165,514 shares, which was more than 10 times the total volume traded during the previous three weeks. On 23 August 2016, Tejoori's share price increased from USD 0.40 to 0.455 to close approximately 14% higher than the previous day, representing an approximate 38% increase over two days. The volume traded on 23 August was 229,442 shares.

4.22. During the morning of 23 August 2016, the London Stock Exchange contacted the Nomad to enquire about the increase in Tejoori's share price. The Nomad then contacted Tejoori, which mistakenly informed the Nomad that Tejoori was not in the possession of inside information, stating that it was not aware of the reason for the price rise.

4.23. On 23 August 2016, whilst the market was open, an article containing excerpts from Eggersmann's 11 August 2016 press release was posted to at least one internet bulletin board relating to Tejoori. The article stated that Eggersmann had acquired 100% of the shares in BEKON but the value of the takeover had not been disclosed. Users of the bulletin board responded positively to the news that Tejoori had sold its shareholding in BEKON, with some users speculating on the amount that Tejoori may have received from the sale and the possible effect on Tejoori's net asset value.

4.24. In the afternoon of 23 August 2016, a retail investor contacted the Nomad to enquire about "*recent speculation on social media that Tejoori had sold its stake in Bekon AG*". The retail investor referred the Nomad to BEKON's 11 August 2016 press release, which was published on BEKON's website.

4.25. The Nomad then asked Tejoori to clarify the status of its shareholding in BEKON. Tejoori did not respond until shortly before the market closed, when it mistakenly informed the Nomad that Tejoori had not sold its shares in BEKON. Tejoori provided this incorrect information to the Nomad on the basis that it continued to mistakenly believe that Tejoori's shares would not be transferred to Eggersmann

until after Tejoori had received the deferred consideration. Tejoori advised the Nomad to contact Tejoori's legal representative for further information.

4.26. The Nomad only obtained clarification of the correct position when Tejoori's legal representative subsequently advised the Nomad that Tejoori had indeed sold its BEKON shares for no initial consideration with the possibility of receiving deferred consideration in compliance with the drag-along provision in the BEKON shareholders' agreement, which required Tejoori to sign the SPA upon receipt of the drag-along notice.

4.27. The Nomad prepared an RNS announcement regarding Tejoori's sale of its BEKON shares, which Tejoori approved shortly after 05:00 on 24 August 2016.

4.28. Tejoori released an RNS announcement at 07:00 on 24 August 2016. The announcement stated that:

> "*on 10 August 2016, the Company disposed of its 10.1% interest in BEKON Holding AG ("BEKON"). BEKON was acquired by the Eggermann* [sic] *Group for a total consideration of EUR 2 million. Due to the rights of preferential shareholders of BEKON in a sale, Tejoori did not receive any initial consideration for the sale of its shares. The decision to sell BEKON to the Eggermann* [sic] *Group was made by the majority shareholders of BEKON. Tejoori was forced to dispose of its interest by virtue of drag-along rights in the BEKON shareholders' agreement. There is a potential earn out for selling shareholders of BEKON in the sale and purchase agreement with Eggermann* [sic]*, although Board of Tejoori does not consider that it is possible to assess at this stage whether this will lead to any future earnings for the Company*."

4.29. Following the announcement, Tejoori's share price decreased from USD 0.455 to 0.395, to close approximately 13% lower than the previous day. The volume traded was 136,219 shares.

5. FAILINGS

5.1. The regulatory provisions relevant to this Final Notice are referred to in the Annex.

5.2. Article 17(1) of MAR requires an issuer to inform the public as soon as possible of inside information which directly concerns that issuer. The issuer shall ensure

that the inside information is made public in a manner that enables fast access and complete, correct, and timely assessment of the information by the public.

5.3. For the purposes of MAR, inside information comprises information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

5.4. Information is deemed to be of a precise nature if it indicates a set of circumstances that exist or that may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument.

5.5. Information that is likely to have a significant effect on the prices of financial instruments or derivative financial instruments, if it were made public, means information a reasonable investor would be likely to use as part of the basis of their investment decisions.

5.6. In the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information.

Relating to one or more issuers or financial instruments

5.7. AIM is a multilateral trading facility (MTF) and Tejoori's shares were admitted to trading on AIM during the Relevant Period. In the case of instruments only traded on an MTF, Article 17 of MAR applies to issuers who have approved trading of their financial instruments on an MTF or have requested admission to trading of their financial instruments on an MTF.

Precise

5.8. On 12 July 2016, Tejoori was in possession of information of a precise nature on the basis that:

(a) The information provided by BEKON, which included the draft drag-along notice, in conjunction with the finalised SPA and the accompanying spreadsheet for calculating the consideration that each shareholder could expect to receive from the sale to Eggersmann, gave rise to a reasonable expectation that Tejoori would be required sell its BEKON shares to Eggersmann for no initial consideration and with only a possibility of receiving deferred consideration that was significantly less than Tejoori's valuation of its investment in BEKON.

(b) The information was sufficiently specific to enable a conclusion to be drawn that a possible effect of the transaction with Eggersmann would be a negative effect on Tejoori's share price. Tejoori's interim results for the six months ended 31 December 2015 valued Tejoori's shareholding in BEKON at USD 3.35 million, which was 19% of Tejoori's investment portfolio. In addition, Tejoori had stated in its interim results that "[d]*espite all the challenges that BEKON has faced, the Board remains confident of the future prospects of this investment.*" The reasonable expectation that Tejoori would be required to sell its BEKON shares to Eggersmann signalled an end to the future prospects of the investment and the terms of the SPA meant that, even in the best case scenario, the proceeds from the sale would be significantly less than USD 3.35 million.

Not public

5.9. The information that Tejoori received from BEKON on 12 July 2016 was confidential information regarding the expected acquisition of BEKON by Eggersmann which would entail the forced sale of Tejoori's shareholding in BEKON.

5.10. The details of Tejoori's sale of its BEKON shares for no initial consideration, with only the possibility of receiving deferred consideration, were not made public until Tejoori released its RNS announcement on 24 August 2016. Although BEKON and Eggersmann both issued press releases on 11 August 2016, the press releases: (i) were issued almost one month after Tejoori's disclosure obligation arose; (ii) did not disclose the terms of the transaction; (iii) did not mention Tejoori; and (iv) were not issued via a regulatory communications channel, which meant they did not enable fast access and complete, correct, and timely assessment of the information by the public. In addition, the press releases exacerbated the potential harm created by the false market in Tejoori's shares because investors could interpret them to mean that Tejoori had willingly sold its BEKON shares for cash consideration.

Significant effect on price

5.11. If it were made public, it is likely that the information provided by BEKON to Tejoori on 12 July 2016 would have had a significant effect on the share price of Tejoori as a substantial diminution in the value of a significant investment is information of a kind which a reasonable investor would be likely to use as part of the basis of their investment decisions due to the fact that it would likely cause a decrease in Tejoori's share price.

Intermediate step in a protracted process

5.12. Although the draft drag-along notice and SPA had not yet been signed on 12 July 2016, Tejoori was nonetheless in the possession of inside information regarding its shareholding in BEKON and that information was materially different from Tejoori's previous public announcement regarding its shareholding in BEKON on 5 February 2016 such that it would not have been permissible for Tejoori to have delayed disclosure to the public pursuant to Article 17(4) of MAR.

Conclusion

5.13. Tejoori therefore breached Article 17(1) of MAR because it did not release an announcement about its shareholding in BEKON as soon as possible after being informed on 12 July 2016 that there was a reasonable expectation that it would be required to sell its shares in BEKON for no initial consideration and with only a possibility of receiving deferred consideration that was significantly less than Tejoori's valuation of its investment in BEKON.

5.14. The Board mistakenly believed that Tejoori's shares in BEKON would not be transferred to Eggersmann until the deferred consideration was received, at which point the actual value of the shares would be known. As a result, the Board mistakenly believed that the value of Tejoori's investment in BEKON would not change by entering into the SPA with Eggersmann and it did not understand, until 23 August 2016, that Tejoori's shares in BEKON had been transferred to Eggersmann on 10 August 2016.

5.15. The delayed disclosure created a false market in Tejoori's shares because the information available to investors was materially incomplete during the Relevant Period.

6. SANCTION

6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5A sets out the details of the five-step framework that applies in respect of financial penalties imposed on firms.

6.2. The total financial penalty which the Authority hereby imposes on Tejoori is £70,000. In summary, this penalty is calculated as follows.

Step 1: Disgorgement

6.3. Pursuant to DEPP 6.5A.1G, at Step 1 the Authority seeks to deprive a firm of the financial benefit derived directly from the breach where it is practicable to quantify this. Tejoori did not derive any financial benefit from the breach and so there is no amount subject to disgorgement.

6.4. The Step 1 figure is therefore £0.

Step 2: Seriousness of the breach

6.5. Pursuant to DEPP 6.5A.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. Where the amount of revenue generated by a firm from a particular product line or business area is indicative of the harm or potential harm that its breach may cause, that figure will be based on a percentage of the firm's revenue from the relevant products or business area.

6.6. In this case, however, the Authority considers that the revenue generated by Tejoori is not an appropriate indicator as it does not reflect the harm or risk of harm resulting from Tejoori's breach.

6.7. The Authority considers that the appropriate indicator is Tejoori's average daily market capitalisation throughout the Relevant Period as it reflects the harm or risk of harm resulting from the breach.

6.8. Tejoori's average daily market capitalisation during the Relevant Period was £6,893,716.

Scale

6.9. The Authority considers that a scale of 0 to 0.5% of market capitalisation (applied according to the seriousness of the breach) is appropriate in order for the penalty to properly reflect the seriousness of the breach. The range is divided into five fixed levels that represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level:

Level 1 - 0%

Level 2 - 0.125%

Level 3 - 0.25%

Level 4 - 0.375%

Level 5 - 0.5%

Level of seriousness

6.10. In assessing the seriousness level for the purpose of penalty, the Authority takes into account various factors that reflect the impact and nature of the breach, and whether the breach was committed deliberately or recklessly. The breach created a false market in Tejoori's shares for a 6 week period, albeit with limited market impact. The Authority accepts that the Board misunderstood the nature of the transaction with Eggersmann and did not occur as a result of deliberate or reckless behaviour.

6.11. The Authority therefore considers the seriousness of the breach to be Level 2. Therefore, the Step 2 figure is 0.125% of £6,893,716 or £8,617.

Step 3: Mitigating and aggravating factors

6.12. Pursuant to DEPP 6.5A.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2 (not including any amount to be disgorged as set out in Step 1) to take into account factors that aggravate or mitigate the breach.

6.13. The Authority considers that the following factor aggravates the breach:

(1) The Board received a briefing from the Nomad on 5 June 2016 regarding Tejoori's disclosure obligations under the AIM Rules for Companies. The presentation that accompanied the briefing advised the Board that Tejoori

must notify the market without delay of any new developments that are not public knowledge that, if made public, would likely lead to a substantial movement in Tejoori's share price. MAR came into effect shortly afterwards, on 3 July 2016, with Article 17(1) of MAR creating a further obligation to inform the public as soon as possible of inside information.

6.14. The Authority considers that the following factors mitigate the breach:

(1) Tejoori notified the Authority of its breach of Article 17(1) of MAR.

(2) Tejoori provided an account of the events leading up to the breach and co-operated fully with the investigation.

6.15. Having taken into account these aggravating and mitigating factors, the Authority considers that the Step 2 figure should remain the same. Therefore the Step 3 figure is £8,617.

Step 4: Adjustment for deterrence

6.16. Pursuant to DEPP 6.5A.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the firm that committed the breach, or others, from committing further or similar breaches then the Authority may increase the penalty.

6.17. The Authority considers that the Step 3 figure of £8,617 does not represent a sufficient deterrent to Tejoori and to other issuers. This is because the Authority considers the absolute value of the penalty to be too small in relation to the breach to meet its objective of credible deterrence. The Authority considers that the complete and timely disclosure of information is a key requirement in ensuring that markets are effective, efficient and reliable.

6.18. The Authority considers that in order to achieve credible deterrence the Step 3 figure should be increased to £100,000.

Step 5: Settlement discount

6.19. Pursuant to DEPP 6.5A.5G, if the Authority and the firm on which a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty that might otherwise have been payable will be reduced to reflect the stage at which the Authority and the firm

reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.20. The Authority and Tejoori reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure.

6.21. The Step 5 figure after settlement discount is therefore £70,000.

Penalty

6.22. The Authority therefore hereby imposes a total financial penalty of **£70,000** on Tejoori for the breach set out in this Notice.

7. PROCEDURAL MATTERS

Decision maker

7.1. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

7.2. This Final Notice is given under, and in accordance with, section 390 of the Act.

Manner of and time for payment

7.3. The financial penalty must be paid in full by Tejoori to the Authority by no later than 28 December 2017, 14 days from the date of the Final Notice:

If the financial penalty is not paid

7.4. If all or any of the financial penalty is outstanding on 29 December 2017, the Authority may recover the outstanding amount as a debt owed by Tejoori and due to the Authority.

Publicity

7.5. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to the person with respect to whom the action was

taken or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

7.6. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

7.7. For more information concerning this matter generally, contact Gavin Carrucan (direct line: 020 7066 9272) of the Enforcement and Market Oversight Division of the Authority.

Mark Francis
Head of Department
Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX

RELEVANT PROVISIONS OF THE MARKET ABUSE REGULATION (EU No. 596/2014)

Article 3 - Definitions

1. For the purposes of this Regulation, the following definitions apply:

(1) 'financial instrument' means a financial instrument as defined in point (15) of Article 4(1) of Directive 2014/65/EU;

…

(21) 'issuer' means a legal entity governed by private or public law, which issues or proposes to issue financial instruments, the issuer being, in case of depository receipts representing financial instruments, the issuer of the financial instrument represented;

Article 7 - Inside Information

1. For the purposes of this Regulation, inside information shall comprise the following types of information:

(a) information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;

…

2. For the purposes of paragraph 1, information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected

with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

3. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information as referred to in this Article.

4. For the purposes of paragraph 1, information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

Article 17 - Public disclosure of inside information

1. An issuer shall inform the public as soon as possible of inside information which directly concerns that issuer.

The issuer shall ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public and, where applicable, in the officially appointed mechanism referred to in Article 21 of Directive 2004/109/EC of the European Parliament and the Council. The issuer shall not combine the disclosure of inside information to the public with the marketing of its activities. The issuer shall post and maintain on its website for a period of at least five years, all inside information it is required to disclose publicly.

This Article shall apply to issuers who have requested or approved admission of their financial instruments to trading on a regulated market in a Member State or, in the case of instruments only traded on an MTF or on an OTF, issuers who have approved trading of their financial instruments on an MTF or an OTF or have requested admission to trading of their financial instruments on an MTF in a Member State.

…

4. An issuer or an emission allowance market participant, may, on its own responsibility, delay disclosure to the public of inside information provided that all of the following conditions are met:

(a) immediate disclosure is likely to prejudice the legitimate interests of the issuer or emission allowance market participant;

(b) delay of disclosure is not likely to mislead the public;

(c) the issuer or emission allowance market participant is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, an issuer or an emission allowance market participant may on its own responsibility delay the public disclosure of inside information relating to this process, subject to points (a), (b) and (c) of the first subparagraph.

Where an issuer or emission allowance market participant has delayed the disclosure of inside information under this paragraph, it shall inform the competent authority specified under paragraph 3 that disclosure of the information was delayed and shall provide a written explanation of how the conditions set out in this paragraph were met, immediately after the information is disclosed to the public. Alternatively, Member States may provide that a record of such an explanation is to be provided only upon the request of the competent authority specified under paragraph 3.