
FINAL NOTICE

To: Bhavesh Hirani

Date of birth: July 1984

Date: 27 January 2026

1. ACTION

- 1.1. For the reasons given in this Final Notice, the Authority hereby imposes on Mr Bhavesh Hirani ("Mr Hirani") a financial penalty of £56,000 pursuant to section 123 of the Act.
- 1.2. Mr Hirani agreed to resolve this matter and qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £80,000 on Mr Hirani.

2. SUMMARY OF REASONS

- 2.1. On 10 December 2021, Mr Hirani, acting together with Mr Dipesh Kerai ("Mr Kerai"), purchased 1.3 million shares in Bidstack Group Plc ("Bidstack" or "the Company" or "the Group") ("the Bidstack Shares"), while in possession of, and using, inside information.
- 2.2. The inside information concerned an anticipated RNS announcement ("the Announcement") relating to a deal signed between Bidstack and a major video game developer ("Publisher 1") ("the Deal"). Mr Hirani had access to inside information relating to the Deal through his position as interim Chief Financial Officer (CFO) at Bidstack.
- 2.3. Mr Hirani purchased the Bidstack Shares using an online trading account that he had opened in Mr Kerai's name at Firm A on the morning of 10 December 2021, to Mr Kerai's knowledge and with Mr Kerai's assistance, thereby enabling Mr Hirani to distance himself from this trading. Mr Kerai provided the funds that were used to buy the Bidstack Shares.

- 2.4. The Authority is satisfied that, in order to explain to Mr Kerai why he needed his assistance, and to persuade him to provide it, Mr Hirani unlawfully disclosed inside information relating to the Deal to Mr Kerai.
- 2.5. Following the release of the Announcement at 2pm on 10 December 2021, Bidstack's share price increased by more than 125% compared to the previous market day close, thereby generating a potential profit of £28,075 on the Bidstack Shares.
- 2.6. The Authority considers that Mr Hirani's purchase of the Bidstack Shares amounts to insider dealing as defined by Article 8(1) of UK MAR and in breach of Article 14(a) of UK MAR. The Authority also considers that Mr Hirani unlawfully disclosed inside information to Mr Kerai, as defined by Article 10(1) of UK MAR, in breach of Article 14(c) of UK MAR.
- 2.7. The Authority considers that Mr Hirani's conduct was serious because, while in a position of trust at the Company, he deliberately traded on the basis of, and unlawfully disclosed, inside information, thereby undermining investor confidence in the integrity of financial markets.
- 2.8. The Authority hereby imposes on Mr Hirani a financial penalty of £56,000 pursuant to section 123 of the Act for engaging in insider dealing in breach of Article 14(a) of UK MAR and for unlawfully disclosing inside information in breach of Article 14(c) of UK MAR.

3. DEFINITIONS

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

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

"the Announcement" means RNS Number 3234V published by Bidstack Group Plc on 10 December 2021;

"the Authority" means the Financial Conduct Authority;

"AIM" means the Alternative Investment Market;

"Bidstack", "the Company" or "the Group" means Bidstack Group Plc, a company formerly admitted to trading on AIM;

"the Bidstack Shares" means the shares in Bidstack purchased using the Kerai Trading Account on 10 December 2021;

"Commission Delegated Regulation (EU) 2017/565" means Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Text with EEA relevance) (Retained EU Legislation) (Version 3) as in force as of 9 December 2021;

“Company A” means a company with which Bidstack was negotiating Deal 2;

“the Deal” means the Master Services Agreement (MSA) signed between Bidstack and Publisher 1 on 9 December 2021;

“Deal 2” means a deal that Bidstack was negotiating with Company A in December 2021;

“DEPP” means the Decision Procedure and Penalties Manual part of the Handbook;

“Firm A” means a retail investment and savings platform used by Mr Hirani to purchase investments;

“Firm B” means an investment and trading platform used by Mr Hirani to purchase fractional shares and cryptocurrencies;

“Firm C” means a trading platform used by Mr Kerai to purchase shares, share indices and currencies, including cryptocurrencies;

“the Handbook” means the Authority’s Handbook of Rules and Guidance;

“the Kerai Trading Account” means the trading account set up in Mr Kerai’s name by Mr Hirani and Mr Kerai at Firm A on 10 December 2021;

“Publisher 1” means a leading video game developer and publisher;

“RNS” means the news service of the LSE. RNS is approved by the Authority to act as a Primary Information Provider in the United Kingdom;

“Senior Colleague A” means a member of Bidstack’s board;

“Senior Colleague B” means a board-level executive at Bidstack;

“Senior Colleague C” means a senior executive at Bidstack;

“the Senior Executive” means a senior board-level executive at Bidstack;

“the September Results” means the interim results for the first half of 2021 published by Bidstack on 2 September 2021;

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber); and

“UK MAR” means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as amended by the Market Abuse Exit Regulations 2019.

4. FACTS AND MATTERS

Bidstack

- 4.1. Bidstack was an advertising technology company which developed software to manipulate digital assets within video games. Space within these games was then sold to media brands to facilitate tailored in-game advertising.
- 4.2. To access the digital assets within video games, Bidstack purchased inventory from the relevant developer of these games. The Company then split the revenue received from media brands with these developers.
- 4.3. The largest developers and publishers in the video game sector are colloquially referred to as 'AAA' developers.
- 4.4. Bidstack's shares were admitted to trading on AIM in September 2018. In March 2024, Bidstack announced that administrators had been appointed and its shares were suspended from trading. Bidstack's shares were cancelled from trading on AIM in April 2024.

Mr Hirani

- 4.5. At the time of the dealing, Mr Hirani was a qualified Chartered Management Accountant. He joined Bidstack in November 2020 as the Company's Head of Finance. Prior to this, Mr Hirani had worked at a customer loyalty platform and had held roles at three other entertainment companies. None of those prior roles were with listed companies or companies authorised or regulated by the Authority.
- 4.6. Mr Hirani was promoted to interim CFO at Bidstack on 1 October 2021. Although the interim CFO role was not a board position, Mr Hirani had full access to the Group's financial information and material information on transactions. Mr Hirani also attended and gave updates regarding the Company's financial position at board meetings.
- 4.7. Mr Hirani's employment with Bidstack ended in April 2023.

Mr Kerai

- 4.8. Mr Kerai is the director of four companies, including a real estate company and a double-glazing company.

Mr Hirani and Mr Kerai's relationship

- 4.9. Mr Hirani and Mr Kerai have been close personal friends since childhood. They frequently communicate via phone messages and phone calls and regularly meet up in person. Their families are close, and they regularly go on holiday together.
- 4.10. Until early December 2022, Mr Hirani was the Company Secretary of Mr Kerai's real estate company. In this capacity, Mr Hirani assisted Mr Kerai with his

company accounts and tax returns. On one occasion, Mr Hirani actioned a payment to Mr Kerai seemingly related to his double-glazing company.

Mr Hirani's knowledge of insider dealing regulations

- 4.11. As interim CFO of an AIM listed company and a Chartered Management Accountant, Mr Hirani would have been aware of the laws and regulations around insider dealing. Indeed, two senior colleagues at Bidstack ("Senior Colleague A" and "Senior Colleague B") confirmed that Mr Hirani would have been aware of what constituted inside information and the ramifications of insider trading.
- 4.12. Upon joining Bidstack, Mr Hirani signed several policies which required him to keep certain information relating to the Company confidential. In November 2020, Mr Hirani signed a contract of employment with Bidstack in which he confirmed that he would *"not use or disclose or allow anyone else to use or disclose any of [Bidstack's] confidential information"* except in limited defined circumstances. Mr Hirani also signed a non-disclosure agreement with Bidstack under which he agreed to keep all information relating to the Company's business, affairs and finances confidential.
- 4.13. On 24 September 2021, Bidstack introduced an Employee Handbook. This Handbook, which Mr Hirani co-drafted and approved, required all employees to *"keep confidential... all information gained in the course of employment about the business of the Company, and that of the Company's customers, suppliers and business partners"*.
- 4.14. In addition to these written policies, Mr Hirani received training from Bidstack when he first joined the Company around the types of deals, transactions and other matters which should be kept on a *"strictly 'need-to-know' basis"*. Upon becoming interim CFO, Mr Hirani was also placed on Bidstack's Permanent Insider List, though it is unknown whether Mr Hirani received a specific notification regarding this. Mr Hirani's employment contract was also amended at this point to include post-termination restrictions, reflecting the fact that Mr Hirani had access to *"confidential information, trade secrets and business connections"*.
- 4.15. Prior to the purchase of the Bidstack Shares, Mr Hirani sent several messages indicating an awareness of the need for sensitivity around confidential information and the offence of insider dealing. In a message sent to family members on 23 September 2021, Mr Hirani explained that he could not post about his promotion to interim CFO on social media until *"an official RNS"* was made, as Bidstack was *"publicly listed"*. In a message sent to a senior Bidstack executive on 9 December 2021, Mr Hirani observed that Bidstack's outgoing Company Secretary could assist with *"directors training and refresher courses around MAR"*. In an earlier exchange with a junior colleague, Mr Hirani was informed that a colleague's father was purportedly buying shares in Bidstack based on information provided by that colleague. Mr Hirani replied to this message, stating *"that is insider trading"*.

Mr Kerai's knowledge of insider dealing regulations

- 4.16. The Authority has seen no evidence that Mr Kerai had any formal training relating to insider dealing regulations prior to assisting Mr Hirani in the purchase of the Bidstack Shares.

RNS announcements

- 4.17. An RNS announcement is a method of getting key company news published to the market. The published contents of such announcements often contain information that is price sensitive (i.e. likely to have a significant effect on the price of the said company's stock).

Key events and communications

Bidstack's commercial activities prior to the Deal

- 4.18. On 2 September 2021, Bidstack published its interim results for the first half of 2021 ("the September Results"). Although revenues had improved, the Company continued to report an overall comprehensive loss. The Group's operating loss had also increased relative to the interim results published in 2020.
- 4.19. To achieve growth, Bidstack needed access to a large inventory of games within which it could sell space to media brands. The September Results noted that the Company had already made "*significant progress ... in onboarding titles across stadium, racing and open world environments*", thereby enabling Bidstack to offer advertisers an "*increased and broader inventory*". An analyst report published after the release of the September Results noted that Bidstack's core focus was now on scaling its commercial execution, namely by "*increasing the size of the publisher, third party and agency (and brand) networks*".
- 4.20. Key in this regard were AAA developers, whose prestigious titles could offer a large number of impressions (i.e. brand views by the game player). Prior to the Deal, Bidstack had signed deals with three other AAA developers but never directly with Publisher 1 or on this scale.

The terms of the Deal

- 4.21. In October 2021, Bidstack began discussions with Publisher 1 around a possible deal involving multiple advertising formats. This deal eventually encompassed Publisher 1's mobile game portfolio and gave Bidstack exclusive access to one of the world's largest sporting franchises, thereby providing the Company with inventory in key markets such as the US and UK.

Discussions with Publisher 1 commence:

- 4.22. Following initial discussions with Publisher 1, a small deal team was created within Bidstack to formulate the terms of the Deal. Thereafter, the Deal was presented to Bidstack's board for approval.

- 4.23. As part of this deal team, Mr Hirani was asked to provide financial oversight and strategic financial input into the Deal. This included input around the minimum revenue guarantee, which Mr Hirani was required to sign off, and the Deal's payment terms.
- 4.24. Though not involved in any direct correspondence with Publisher 1, Mr Hirani was invited to meetings regarding the Deal and kept informed about material updates relating to the Deal by senior colleagues at Bidstack. Senior Colleague A noted that, as Mr Hirani had to action a payment upon final signature of the Deal, he *"would have been aware throughout"* of the Deal's progress.
- 4.25. On 12 October 2021, Mr Hirani was invited to a meeting with several Bidstack colleagues to discuss a specific aspect of the Deal.
- 4.26. On 25 October 2021, Bidstack added the first two names to a project specific insider list relating to the Deal. As noted above, Mr Hirani had already been added to Bidstack's permanent insider list on his promotion to interim CFO. As such, he was not added to the specific project insider list.
- 4.27. On 26 October 2021, a senior Bidstack colleague sent an instant message to Mr Hirani which stated: *"[part of the Deal] looks like it's a goer – let's have a chat about boots on the ground to sell their inventory..."*. Mr Hirani replied to this message on 27 October 2021, stating: *"Awesome news mate, on my way in so speak shortly."*
- 4.28. On 28 October 2021, Mr Hirani was sent an email from a senior colleague confirming that Publisher 1 was keen to move forward with this part of the Deal. A separate presentation, sent to Mr Hirani on the same day by another senior colleague ("Senior Colleague C"), referenced the various elements of the Deal within a slide titled *'New Products and Opportunities'*.
- 4.29. On 3 November 2021, Mr Hirani exchanged instant messages with Senior Colleague A regarding Bidstack's involvement with Publisher 1. Senior Colleague A noted that Bidstack were currently negotiating deals with Publisher 1 and that, if these fell through, Bidstack's losses could be recouped by the Deal.
- 4.30. On the same day, Mr Hirani sent an instant message to a senior colleague, asking *"which [Publisher 1] contract was signed today? [Publisher 1] mobile?"*. The colleague replied, stating that no contract with Publisher 1 had been signed yet. The senior colleague explained that a draft MSA had been sent to Publisher 1's legal team and noted that a full review of this contract would be undertaken once this was sent back from Publisher 1.
- 4.31. On 4 November 2021, Mr Hirani exchanged further instant messages with Senior Colleague A regarding the Deal and its relationship to another deal that Bidstack was then negotiating with "Company A" ("Deal 2"). Senior Colleague A explained how the Deal was material to Deal 2. Later that day, Mr Hirani was copied into an email chain relating to Deal 2, which mentioned the Deal and Publisher 1.

- 4.32. On 18 November 2021, Mr Hirani attended a Bidstack board meeting at which the Deal was discussed. It was noted that Bidstack had recently received Publisher 1's comments on the draft MSA with "*relatively few comments needing addressing*". In this meeting, the signature process and anticipated timing for Publisher 1's signature were set out. Senior Colleague A and Senior Colleague C both opined that, from this point in time, information relating to the deal was inside information.
- 4.33. On 24 November 2021, Mr Hirani received an email from a senior executive board member relating to the Deal. Within this email, the board member noted: "[i]t's looking likely that we are going to have to do a deal with [Publisher 1] that has a 60 day break clause in it". On the same day, Mr Hirani and Mr Kerai met up together with mutual friends.
- 4.34. On 1 December 2021, Senior Colleague B sent an email to several other colleagues, including Mr Hirani, scheduling a board meeting. Senior Colleague B noted that the Board needed to discuss various items, including "*where we are with [Publisher 1]*". This meeting was subsequently postponed on the same day.
- 4.35. On the same day, Mr Hirani was sent a spreadsheet by a senior Bidstack colleague which appeared to detail the annual impressions and annual revenue potential which could be generated by advertising within Publisher 1's games.
- 4.36. On both 6 and 7 December 2021, Mr Hirani was absent from work due to illness. Mr Hirani returned to work on 8 December 2021.
- 4.37. On 8 December 2021 at 09:49, Mr Hirani sent a WhatsApp message to a friend ("Friend A"), asking him:
- "Hey bro, do you have a Hargreaves Lansdown trading account? Or any account where you can buy/sell shares?"*
- 4.38. Friend A replied to Mr Hirani at 10:58, saying:
- "Hey, na don't have one, was up [sic]?"*
- 4.39. On 8 December 2021 at 14:51, a non-Executive Director sent an email to several senior colleagues, copying Mr Hirani. This email concluded "*good luck in closing [Deal 2] and [the Deal]*".
- 4.40. On 8 December 2021 at 15:17, Mr Hirani continued his WhatsApp conversation with Friend A, telling him:
- "Open one..."*
- 4.41. This was followed, seconds later, by another message from Mr Hirani to Friend A, saying:

"Good to start investing in stocks and shares"

- 4.42. Between 19:15 and 19:17 on 8 December, Mr Hirani exchanged instant messages with Senior Colleague C. These messages referenced the available impressions that could be generated by advertising within Publisher 1's portfolio.

Thursday 9 December 2021

- 4.43. On 9 December 2021, Mr Hirani was working in Bidstack's office in Stratford, London. As set out below, he was copied into numerous emails relating to the progress of the Deal and the drafting of the Announcement, though he did not reply to any of these emails.
- 4.44. At 08:07:10, Publisher 1 emailed a senior executive ("the Senior Executive") at Bidstack, requesting an electronic signature on the Deal. The Senior Executive signed the Deal at 08:07:57. The Deal was then sent to the first of two representatives of Publisher 1 for their signature. All members of the deal team within Bidstack, including Mr Hirani, were made aware that the Senior Executive had signed the Deal.
- 4.45. At 09:42, Mr Hirani received an email from Senior Colleague A which notified him that a senior leadership meeting scheduled later that day was cancelled "*until major deals [were] concluded*". Mr Hirani was active at work around the time this meeting was cancelled.
- 4.46. At 10:05 and 10:07, Mr Hirani sent emails to two separate recipients. Although unrelated to the Deal, these emails show that Mr Hirani accessed, and actively used, his Bidstack email account at this time.
- 4.47. At 10:11, Senior Colleague C sent an email with the subject "AAA RNS" to Senior Colleague A, copying Mr Hirani. This email attached a draft version of the Announcement, which reported, inter alia, that:
- Bidstack had agreed a "*multi-year and multi-advertising format deal*" with a "*global leading AAA game publisher*";
 - This Deal encompassed Publisher 1's "*entire mobile portfolio*" and gave Bidstack exclusive access to "*one of the world's largest sporting franchise [sic]*";
 - This Deal added "*considerable reach*" to Bidstack's network by providing inventory in "*key markets such as the US, UK and EMEA*".
- 4.48. This, and all future drafts of the Announcement, included a header which made clear that the Announcement contained inside information.
- 4.49. At 10:52, the first representative of Publisher 1 signed the Deal. The Deal was then emailed to the second representative of Publisher 1 for the third and final signature.

4.50. At 11:32, Mr Hirani received a WhatsApp message from a family member asking whether he could work from home the following week. Mr Hirani replied to this message at 11:48 stating:

"I'll try but I think the contract is close to signature so it depends".

4.51. At approximately 12:00 pm, Senior Colleague A called a representative of Publisher 1 to discuss the wording of the draft Announcement and obtain their approval to publish the Announcement. Senior Colleague A relayed the result of this call to Senior Colleague C.

4.52. At 13:16, Senior Colleague C sent an email with the subject "*RNS – AAA publisher*" to Senior Colleague B, copying Mr Hirani. This email attached an amended version of the Announcement. The email stated that: "*[t]his version of the RNS has been approved by [Publisher 1]. We could potentially announce this tomorrow at 7am or aftermarket (depending on when the final signatures are confirmed).*"

4.53. At 13:17, Senior Colleague A responded to Senior Colleague C, copying Mr Hirani.

4.54. At 14:18, Senior Colleague B replied to Senior Colleague C's email, copying Mr Hirani, stating "*[u]nfortunately I don't think we will be meeting our market obligations with an announcement of this significance referred to in such a skeletal way. Is there any more meat we can put on the bone?*".

4.55. Between 14:23 and 14:35, four emails were exchanged between senior Bidstack employees, including Senior Colleague B and Senior Colleague C, regarding the draft Announcement. These emails made clear that the Announcement could not directly or indirectly identify Publisher 1. Mr Hirani was copied into all four emails.

4.56. Between 14:28 and 14:42, Mr Hirani exchanged instant messages with a senior Bidstack colleague. These messages did not relate to the Deal.

4.57. At 14:45, Senior Colleague B sent an email regarding the draft Announcement to senior Bidstack employees, including Mr Hirani. Within this email, Senior Colleague B asked: "*[w]hat do we think [the Deal] will generate in FY22?*". Senior Colleague B later confirmed that this question was directed to Mr Hirani. Mr Hirani did not respond to this email.

4.58. Between 15:08 and 15:45, Mr Hirani and Mr Kerai exchanged messages via WhatsApp in which they agreed to meet up in Stratford, London, that evening.

4.59. At 15:13, Mr Hirani sent a WhatsApp message to a family member informing them that he was going to meet Mr Kerai that evening. Mr Hirani explained that the purpose of the meeting was "*to discuss itinerary for Solihull [sic]*". Mr Hirani and Mr Kerai were due to go on holiday to Solihull together around late December 2021.

4.60. Between 15:24 and 15:28, Mr Hirani exchanged instant messages with a colleague at Bidstack. These instant messages did not relate to the Deal.

- 4.61. Between 15:38 and 16:02, three emails were exchanged between senior Bidstack employees relating to the draft Announcement. These emails proposed some amendments to the draft Announcement which underscored the significance of the Deal to Bidstack's attractiveness to advertisers. Mr Hirani was copied into all three emails.
- 4.62. At 16:09, Mr Hirani received an instant message from Senior Colleague A asking for a meeting to discuss Bidstack's structure and hiring. Mr Hirani stated that he would discuss this:
- "after contract sig [sic]."*
- 4.63. Senior Colleague A later confirmed that the contract referenced was the Deal.
- 4.64. At 16:37, Mr Hirani sent an email to a colleague regarding tax returns, attaching a related document. At 17:02, Mr Hirani sent another email to a separate colleague regarding Bidstack's contract with a third party.
- 4.65. At 17:29, Senior Colleague C sent an email attaching an updated version of the draft Announcement to Senior Colleague B, copying Mr Hirani. Senior Colleague B opined that, at this point, Mr Hirani would have been in possession of inside information.
- 4.66. At 17:56, Mr Hirani sent an email to a third party. This email was unrelated to the Deal.
- 4.67. At 18:12, Mr Kerai telephoned Mr Hirani. This call was redirected to Mr Hirani's voicemail. At 18:20, Mr Hirani telephoned Mr Kerai. The call lasted for just over 3 minutes.
- 4.68. Mr Kerai and Mr Hirani met in Stratford, London on the evening of the 9 December 2021.
- 4.69. At 22:18, a senior Bidstack employee sent an email to several individuals, including Mr Hirani, regarding Bidstack's strategic direction and business opportunities and referencing Publisher 1. Mr Hirani replied to this email at 22:35.
- 4.70. At 23:03, the final signature required on the Deal was obtained from the second representative of Publisher 1.

Friday 10 December 2021

- 4.71. On 10 December 2021, at 02:04, the Senior Executive forwarded the completed Deal to a colleague.
- 4.72. At 02:45, a representative of Bidstack sent an instant message to select Bidstack employees, including Mr Hirani, confirming that '[Publisher 1] *has signed the agreement with Bidstack!!!*'.

- 4.73. On 10 December 2021, Mr Hirani was working in Bidstack's office in Stratford, London. As set out below, he was copied into numerous emails relating to the Deal but did not directly respond to any of these emails.
- 4.74. At 08:38, a senior colleague sent an email to several Bidstack colleagues, including Mr Hirani, requesting an amendment to the draft Announcement. At 08:40, Senior Colleague A responded to this email, copying Mr Hirani.
- 4.75. Between 08:40 and 09:14, several emails were sent between senior executives at Bidstack, copying Mr Hirani, around whether to publish the Announcement that day or wait until Monday 13 December. Senior Colleague B noted that Bidstack had an obligation to publish the Announcement "*without delay*". Senior Colleague A observed that Publisher 1 may need to re-review the draft Announcement prior to publication. At 09:14, Senior Colleague A stated that the draft Announcement was "*good to go*".
- 4.76. At 09:25, Senior Colleague C sent an email to Bidstack's Nominated Adviser (NOMAD), copying Mr Hirani, which stated:
- "We have reached a milestone moment today with a AAA publisher deal years in the making complete today. I have attached a RNS for your review which has been approved by the publisher ... Once happy we would like to publish intra-day or at market close".*
- 4.77. At 09:53, a representative of the NOMAD responded to Senior Colleague C's email, copying Mr Hirani, noting that the Announcement was "*great news*". At 10:02, another representative of the NOMAD sent an amended version of the Announcement to Senior Colleague C, copying Mr Hirani.
- 4.78. Between 10:13 and 10:18, Mr Hirani and Mr Kerai exchanged messages via WhatsApp. The messages show that Mr Hirani, with Mr Kerai's assistance, began to set up a trading account with Firm A in Mr Kerai's name using Mr Kerai's national insurance number, email address and bank account details.
- 4.79. On 10 December 2021, at 10:15, Senior Colleague C circulated the amended version of the draft Announcement to senior Bidstack colleagues, including Mr Hirani. Senior Colleague C asked Senior Colleague B to "*confirm you will release this by midday*".
- 4.80. Between 10:22 and 10:27, discussions took place between Bidstack colleagues and the NOMAD, copying Mr Hirani, around whether to release the Announcement that day or wait until 13 December. Senior Colleague B reiterated that, under AIM Rule 11, Bidstack was obliged to release price sensitive information without delay. Mr Hirani was active at work around this time.
- 4.81. Between 10:44 and 10:52, Mr Hirani and Mr Kerai exchanged additional messages via WhatsApp. These messages show that Mr Hirani, with Mr Kerai's assistance and knowledge, set up a trading account with Firm A in Mr Kerai's name ("the Kerai Trading Account") and funded the account with £25,000 using Mr Kerai's

bank card. In one of these WhatsApp messages, Mr Kerai set a £50,000 limit to be invested into the Kerai Trading Account.

- 4.82. At 11:30, a representative of the NOMAD sent an email to Bidstack colleagues, including Mr Hirani, attaching an amended draft of the Announcement. Mr Hirani was active at work around this time.
- 4.83. This draft of the Announcement reported, inter alia, that:
- Bidstack had signed a *"multi-year and multiple advertising format deal"* with *"a leading, global AAA game publisher"*.
 - The deal gave Bidstack *"the ability to place advertising across the publisher's mobile portfolio"* and provided exclusivity to *"one of the world's largest sporting franchises"*.
 - The deal *"materially expand[ed] Bidstack's addressable audience"* by providing *"inventory in key markets such as the US, the UK and EMEA"*.
- 4.84. At 11:57, Mr Hirani submitted an order to purchase 250,000 Bidstack shares using the Kerai Trading Account. This order was fulfilled at 12:00:12 at 1.8 pence per share, for a consideration of £4,500.
- 4.85. At 13:07, Senior Colleague B sent an email to Bidstack's NOMAD, copying Mr Hirani, confirming that the NOMAD was *"authorised to publish the RNS as amended when you are able to get it out"*. Mr Hirani was active at work around this time.
- 4.86. At 13:22, a final version of the RNS was circulated by the NOMAD to Senior Colleague B, copying Mr Hirani. This version of the Announcement was materially unchanged from that circulated at 11:30. At 13:24, Senior Colleague B responded to this email, stating *"[y]ou are authorised to release this now"*.
- 4.87. At 13:35, Mr Hirani responded to an email from an external party. This message did not relate to the Deal.
- 4.88. At 13:41, Mr Hirani submitted a further order to buy 1,050,000 Bidstack shares using the Kerai Trading Account. This order was fulfilled at 13:45:51 at 1.85 pence per share, for a total consideration of £19,425.
- 4.89. At 13:51, Mr Hirani responded to an email from an external party. This message did not relate to the Deal. At 13:53, Mr Hirani sent a further email, unrelated to the Deal, to a Bidstack colleague. At the same time, 13:53, Mr Hirani was copied into an email from Senior Colleague C to Senior Colleague B regarding the Deal.
- 4.90. At 13:56, Mr Hirani sent an instant message to Senior Colleague C regarding the growth of Bidstack's inventory.
- 4.91. At 14:00, Bidstack released the Announcement which reported that Bidstack:

"... is pleased to announce an agreement with a leading, global AAA game publisher. The multi-year and multiple advertising format deal will give the Company the ability to place advertising across the publisher's mobile portfolio. The deal also gives Bidstack exclusivity to one of the world's largest sporting franchises."

- 4.92. At 14:07, Senior Colleague C responded to an earlier email from Bidstack's NOMAD, copying Mr Hirani.
- 4.93. At 14:08, Mr Hirani received three instant messages from Senior Colleague C which notified him that the Announcement had been released and that Bidstack's share price was, by then, "up 40%". Mr Hirani responded to these messages at 14:16, stating: "madness".
- 4.94. Between 14:43 and 15:17, whilst in a meeting, Mr Hirani took 4 screenshots of the Kerai Trading Account on his phone, which showed the value of the Bidstack shares and the profit made on them. Mr Hirani did not send these screenshots to Mr Kerai or communicate with Mr Kerai via WhatsApp for the rest of the day.
- 4.95. Following the release of the Announcement, Bidstack's share price rose from 1.775 pence per share at market open to a peak of 4.3 pence per share (an increase of approximately 142%). By market close, the share-price had fallen back to 4.0 pence per share, an increase of approximately 125% from the previous day's share price close. At market close, the unrealised profit in the Kerai Trading Account, from the Bidstack shares purchased that day, was £28,075.

Events after 10 December 2021

- 4.96. On 13 December 2021, Mr Hirani visited four webpages on his mobile phone using Safari. All four of these webpages related to insider dealing, with three referring to recent insider dealing convictions. One of these three webpages was a Final Notice published by the Authority.
- 4.97. In addition to these four searches, numerous undated searches were identified on Mr Hirani's phone. These included: "*can a friend by [sic] shares in listed onoany [sic]*", "*permanrkt delete whatsapp messages [sic]*" and "*why is insider trading illegal*".
- 4.98. On 17 December 2021, at 07:00, Bidstack released an RNS which reported that it had entered into a 2-year exclusive commercial partnership with Azerion. On the same day, at 21:35, Mr Kerai downloaded the Hargreaves Lansdown app onto his mobile phone.
- 4.99. On 27 September 2022, Mr Kerai sold 37.5% of the Bidstack shares held in the Kerai Trading Account, via the internet for 2.67 pence per share, realising a profit of £4,021.07.
- 4.100. Between 4 October 2022 and 6 October 2022, Mr Kerai sold a further tranche of the Bidstack shares from the Kerai Trading Account, using an app, leaving him with 29% of his original holding and realising a further £4,540.60 profit. On 8

March 2023, Mr Kerai sold more of the Bidstack shares from the Kerai Trading Account, using an app, leaving less than 1% of the original total of 1,300,000 shares, realising a further £699.07 profit.

- 4.101. Mr Kerai's total realised profit from his sales of the Bidstack shares held in the Kerai Trading Account was £9,260.74.
- 4.102. The Authority has not identified any evidence of direct profit sharing, profit distribution or repayment of profit from Mr Kerai to Mr Hirani, nor identified any communications between Mr Hirani and Mr Kerai in this regard.

Publicly available information prior to the Announcement

- 4.103. There was no publicly available information which related to the subject matter of the Announcement prior to its release.
- 4.104. The Announcement was not a scheduled announcement; i.e. it was not an announcement that might have been anticipated on a particular date (such as a quarterly trading update) albeit its content would not have been publicly available until its release.

Price Sensitivity

- 4.105. The Announcement had a significant effect on Bidstack's share price. As noted above (see paragraph 4.95), Bidstack's share price increased by approximately 142% immediately following the release of the Announcement. At market close, having fallen back slightly, Bidstack's share price recorded an increase of approximately 125% from the previous day's close.
- 4.106. During the previous 12 months of trading, Bidstack's shares increased by more than 10% on only 18 days out of 253 days of trading. The increase that immediately followed the Announcement was far outside of the range of Bidstack's normal share price movements over the previous 12 months. This share price movement was also far outside the range of the share index of which Bidstack was a constituent.
- 4.107. The Authority is satisfied that, if the market had known the information that Mr Hirani knew on 9 and 10 December (as summarised at paragraphs 5.11 to 5.13 below), this information would have been likely to have caused a significant rise in Bidstack's share price near to the 142% rise which occurred on the Announcement.

Mr Hirani's share trading activity prior to buying the Bidstack Shares

- 4.108. Prior to purchasing the Bidstack Shares, Mr Hirani had bought investment funds using accounts held with a retail investment and savings platform ("Firm A"). He had also purchased "fractional shares" (i.e. fractions of a share) and cryptocurrencies using an account held with Firm B.

- 4.109. Mr Hirani very rarely purchased single stocks, preferring to invest in cryptocurrencies. Prior to the purchase of the Bidstack shares, Mr Hirani had only invested in three US listed equities. Mr Hirani had never previously purchased shares in Bidstack, or any other AIM listed company, though he did have options in the Company via a share option scheme.
- 4.110. From November 2021, Mr Hirani employed a financial advisor to set up investment accounts and construct his investment portfolio. As noted above (see paragraph 4.37), Mr Hirani occasionally offered advice to friends regarding investment accounts.

Mr Kerai's share trading activity prior to buying the Bidstack Shares

- 4.111. Prior to purchasing the Bidstack shares, Mr Kerai traded shares, share indices and currencies (including cryptocurrencies) or CFDs thereon, using accounts opened with Firm C. Mr Kerai traded infrequently in single stocks, purchasing only 7 single stocks (including single stock CFDs) before 10 December 2021. Mr Kerai's purchase of Bidstack shares was his first purchase of an AIM listed stock, or technology company, be it as a single stock or as a CFD.
- 4.112. Prior to buying the Bidstack Shares, Mr Kerai's appetite for risk in single stocks was relatively low. Mr Kerai's previous largest purchase in a single equity stock (CFD) was in February 2020, when he invested £1,655. Mr Kerai's most recent trading activity prior to 10 December 2021 was on 3 November 2021 when he purchased £6.12 worth of fractional shares in BP plc.
- 4.113. Prior to the purchase of the Bidstack Shares, Mr Kerai was a member of a now-defunct cryptocurrency multi-level marketing scheme. Mr Kerai allowed a friend, who was also a member of the same scheme, to control his cryptocurrency accounts and place trades on his behalf. In several messages to this friend, Mr Kerai displayed an appetite for engaging in investment strategies with a view to making quick profits.

Mr Hirani and Mr Kerai's discussions about their investments

- 4.114. Mr Hirani and Mr Kerai occasionally discussed their respective investment accounts and financial products together. On one occasion, in late November 2021, Mr Hirani informed Mr Kerai that he held investments with Firm A. On two other occasions, Mr Hirani and Mr Kerai discussed the cryptocurrency multi-level marketing scheme of which Mr Kerai was a member. Mr Kerai encouraged Mr Hirani to sign up to this scheme.

Mr Hirani's explanation at interview

- 4.115. Mr Hirani attended an interview with FCA investigators on 27 June 2023. He provided a prepared statement in which he denied disclosing inside information to Mr Kerai or encouraging him to trade on the basis of inside information relating to Bidstack shares.

4.116. Mr Hirani exercised his right not to answer any questions put to him by FCA investigators during his interview on 27 June 2023.

Mr Kerai's explanation at interview

4.117. Mr Kerai attended an interview with FCA investigators on 9 June 2023. He provided a prepared statement in which he denied committing any offence relating to the possession of inside information, stating:

"[Mr Hirani] has never to my knowledge provided me with any inside information – whether about Bidstack or any other company he has worked for.

4.118. Mr Kerai added that he and Mr Hirani were "good friends" but stated that they did not discuss work very much because their jobs were "so vastly different".

4.119. Mr Kerai exercised his right not to answer any questions put to him by FCA investigators during his interview on 9 June 2023.

5. FAILINGS

5.1. The statutory and regulatory provisions relevant to this Notice are referred to in Annex A.

Article 14 of UK MAR (Prohibition of insider dealing and of unlawful disclosure of inside information)

5.2. Article 14 of UK MAR provides that a person shall not:

- (a) engage or attempt to engage in insider dealing;
- (b) [...]
- (c) unlawfully disclose inside information.

5.3. The Authority is satisfied that Mr Hirani breached Article 14(a) of UK MAR by engaging in insider dealing, namely by purchasing shares in Bidstack on 10 December 2021 while in possession of, and using, inside information. The Authority is also satisfied that Mr Hirani breached Article 14(c) of UK MAR by unlawfully disclosing inside information relating to the Deal to Mr Kerai on or around 9 December 2021.

Article 2 of UK MAR (Scope)

Financial instruments trading on a multilateral trading facility ("MTF")

5.4. Article 2(1) of UK MAR provides that UK MAR applies, inter alia, to:

- (b) financial instruments traded on a UK MTF, Gibraltar MTF or an EU MTF, admitted to trading on a UK MTF, Gibraltar MTF or an EU MTF or for

which a request for admission to trading on a UK MTF, Gibraltar MTF or an EU MTF has been made;

- 5.5. UK MAR applies to the Bidstack Shares which were (at the time Mr Hirani bought them) financial instruments admitted to trading on AIM. AIM is an MTF as defined by Article 2(1)(17) of Commission Delegated Regulation (EU) 2017/565.

Article 7 of UK MAR (Inside Information)

- 5.6. Article 7(1) of UK MAR provides that, for the purposes of UK MAR, 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; ...”

- 5.7. Article 7(2) of UK MAR provides that 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...”

- 5.8. Article 7(4) of UK MAR provides that for the purposes of Article 7(1) of UK MAR:

“information, which, if it were made public, would be likely to have a significant effect on the prices of financial instruments ... shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.”

- 5.9. The Article 7 requirements for information to be inside information can be summarised as follows:

- 1) The information has not been made public;
- 2) The information relates to one or more issuers or financial instruments;
- 3) The information was of a precise nature; and
- 4) If made public, the information would have been likely to have a significant effect on the price of those financial instruments.

- 5.10. These requirements must be considered on an *ex-ante* basis (meaning from the dates on which Messrs Hirani and Kerai first received the inside information up to the date on which the final order to purchase shares in Bidstack was placed).

The inside information in Mr Hirani's possession

- 5.11. When Mr Hirani and Mr Kerai spoke at 18:20 and later met on the evening of 9 December 2021, he was in possession, at the very least, of the following information:
- 1) That Bidstack was in the final stages of signing a multi-year and multi-advertising format deal with a global leading AAA video game publisher (i.e., Publisher 1);
 - 2) That the proposed deal encompassed Publisher 1's entire mobile portfolio and gave Bidstack exclusive access to one of the world's largest sporting franchises, adding significant reach to Bidstack's network; and
 - 3) That Bidstack was in the process of preparing drafts of an announcement to the market which included the matters set out at (1) and (2) above, which was likely to be released in final form on 10 December 2021, or soon thereafter.
- 5.12. When Mr Hirani placed the order to buy 250,000 shares in Bidstack at 11:57 on 10 December 2021, he was in possession of the following additional information:
- 1) That the final signature required on the Deal had been obtained; and
 - 2) That a draft of an announcement to the market, which included the matters set out at 5.11 (1) and (2) above, had been approved by Publisher 1 and sent to Bidstack's NOMAD for approval; and
 - 3) That Bidstack's senior management was pushing to publish the Announcement that day, either intra-day or at market close.
- 5.13. When Mr Hirani placed the order to buy 1,050,000 shares in Bidstack at 13:41 on 10 December 2021, he was in possession of the additional information that a final version of the RNS had been circulated and that the NOMAD had been authorised by Bidstack to "*release [it] now*".
- 5.14. The Authority is satisfied that Mr Hirani was in possession of the information set out at paragraphs 5.11, 5.12 and 5.13 above, on the basis of all the facts and matters set out in section 4 of this Notice, in particular:
- Mr Hirani's role as Bidstack's interim CFO and his membership of the Deal team, which required him to provide financial oversight and strategic financial input into the Deal and sign off the Guaranteed Revenue Share;
 - The recollections of Senior Managers A, B and C as to the involvement of Mr Hirani on the Deal;
 - The contemporaneous digital communications indicating that Mr Hirani was invited to meetings at which the Deal was discussed and exchanged

messages with senior Bidstack colleagues which indicated that he was familiar with the components of the Deal;

- The contemporaneous digital communications indicating that Mr Hirani received successive drafts of the Announcement; and
- The contemporaneous digital communications indicating that Mr Hirani received multiple emails, including those between Bidstack and its NOMAD, detailing when the Announcement would be released.

5.15. At the time that Mr Hirani placed the order to purchase Bidstack shares at 11:57, the information set out in each of paragraphs 5.11 and 5.12, and when he placed the order for Bidstack shares at 13:41, the additional information set out at paragraph 5.13, met the Article 7 requirements for inside information:

- 1) The information was not made public at any point prior to, or after, Mr Hirani received it until the RNS announcement on 10 December 2021.
- 2) The information related directly to Bidstack (the issuer).
- 3) The information was of a precise nature because it indicated:
 - A set of circumstances which existed, namely that:
 - The Deal had been signed;
 - Bidstack's senior management and its NOMAD were in the process of finalising a draft announcement to the market relating to the Deal and;
 - Bidstack's senior management was pushing to publish the Announcement that day, either intra-day or at market close;
 - An event which may reasonably be expected to occur (namely that details of the Deal would be announced to the market that day, either intra-day or at market close).

5.16. These matters were individually and collectively specific enough to enable a conclusion to be drawn as to the possible effect on the price of Bidstack shares (namely that if the market had known this information, this would have caused a significant rise in the Bidstack share price).

5.17. The information, if made public, would have been likely to have a significant effect on the price of Bidstack shares on the basis that it was information that a reasonable investor would have been likely to use as part of the basis of an investment decision to buy Bidstack shares because:

- 1) It related to the publication to the market of information of a commercially material agreement that would be likely to have a significant (positive) effect on the price of Bidstack shares; and

- 2) It indicated that the release of this information would likely be that day, either intra-day or at market close.

Article 8 of UK MAR (Insider dealing)

5.18. Article 8 of UK MAR provides, so far as is relevant to this Notice, that:

1. For the purposes of this Regulation, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates.”
2. [...]
3. [...]
4. This Article applies to any person who possesses inside information as a result of:
 - (a) [...];
 - (b) [...];
 - (c) having access to the information through the exercise of an employment, profession or duties;

5.19. The Authority is satisfied that Mr Hirani was in possession of the inside information set out in paragraphs 5.11 to 5.13 above, and that he used this inside information to purchase the Bidstack shares, thereby satisfying Article 8(4)(c) of UK MAR. The Authority relies on the presumption contained in Recital 24 of UK MAR, which is supported by the Authority’s findings regarding the likely significant effect of that information on Bidstack’s share price (see paragraph 4.107 above), the relationship between the increasing prospect of publication of the information to the market, the timing of Mr Hirani’s decision to place the orders to buy the Bidstack Shares and the absence of any alternative explanation from Mr Hirani for the timing of that decision.

5.20. The Authority is satisfied that Mr Hirani possessed inside information relating to the Deal and used that information by acquiring Bidstack shares in breach of Article 8(1) of UK MAR.

Article 10 of UK MAR (Unlawful disclosure of inside information)

5.21. Article 10 of UK MAR provides that:

1. For the purposes of this Regulation, unlawful disclosure of inside information arises where a person possesses inside information and

discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.

This paragraph applies to any natural or legal person in the situations or circumstances referred to in Article 8(4).

Mr Hirani disclosed inside information to Mr Kerai

- 5.22. On the basis of the facts and matters set out in section 4, the Authority is satisfied that, before Mr Hirani first bought the Bidstack Shares on 10 December 2021, he had unlawfully disclosed inside information relating to the Deal to Mr Kerai.
- 5.23. Disclosure of inside information by Mr Hirani to Mr Kerai was unlawful because it was not in the normal exercise of Mr Hirani's employment or duties.
- 5.24. Whilst there is no direct evidence of Mr Hirani disclosing inside information to Mr Kerai, there is significant circumstantial evidence consisting of events and circumstances which all point convincingly to this having occurred, at the latest, during the telephone call at 18:20 on 9 December and / or during their meeting on the evening of 9 December 2021, and to an agreement between Messrs Hirani and Kerai to jointly engage in insider dealing with each playing their part in achieving that end. The circumstantial evidence that leads to that conclusion includes the following:
- (a) The pre-existing close relationship between Mr Hirani and Mr Kerai in which both individuals shared matters of a personal financial nature;
 - (b) Mr Hirani's role as interim CFO of Bidstack, which required him to provide financial oversight and strategic financial input into the Deal and sign off the Guaranteed Revenue Share of \$50,000;
 - (c) Mr Hirani's instant message to Senior Colleague A at 16.09 on 9 December around discussing hiring issues "*after contract sig [sic]*", demonstrating that he was aware of the status of the Deal and that the contract was close to being signed.
 - (d) The 3 minute telephone call between Mr Hirani and Mr Kerai at 18.20 on 9 December 2021 which occurred 51 minutes after Mr Hirani had received a further updated version of the draft Announcement and numerous emails which made it clear that the Deal was close to completion and Announcement.
 - (e) The meeting between them on the evening of 9 December 2021, during which there was ample opportunity for the inside information to be disclosed.
 - (f) The receipt by Mr Hirani on 10 December 2021 of confirmation that the contract had been signed and the email sent at 09.25 confirming that the intention was to publish the Announcement intra-day or at market close.

- (g) Within 50 minutes of receiving this confirmation, Mr Hirani and Mr Kerai began exchanging WhatsApp messages regarding the setting up of the trading account in Mr Kerai's name.
- (h) Mr Kerai's willingness to assist Mr Hirani in setting up a trading account in Mr Kerai's name, (thereby enabling Mr Hirani to distance himself from the transaction). This is despite the fact that Mr Hirani already had a share trading account himself; as did Mr Kerai. Mr Kerai actively and willingly provided Mr Hirani with sensitive personal information (his national insurance number, email address, bank account details and bank card) in order to enable Mr Hirani to open the share trading account.
- (i) The fact that during the WhatsApp messages regarding the setting up of the account – Mr Kerai did not question why Mr Hirani wished to set up a trading account in Mr Kerai's name, using his sensitive personal information. This is consistent with the two men having previously discussed and agreed to this course of action.
- (j) The purpose of the setting up of this trading account was plainly to disguise Mr Hirani's involvement in the trading which was necessary given that he was a primary insider at the time and therefore trading in his own name using his own pre-existing trading account would have been easily detected. Mr Kerai's lack of curiosity at the time of setting up the trading account is consistent with him knowing why Mr Hirani could not trade in his own name using his own trading account.
- (k) Mr Kerai was also clearly aware of the need to act at pace, i.e. the need to set up the account the morning after they had met and the provision by him of sensitive personal information on demand and within a short space of time so that the trading account could be opened immediately and without delay.
- (l) Mr Kerai's willingness to proactively provide personal documentation to facilitate the opening and funding of the account with £25,000 of his own money.
- (m) Mr Kerai's transfer of £25,000 and offer to invest as much as £50,000, indicates that he had a high-level of confidence that the purchase would be profitable.
- (n) The purchase of c.£24,000 of shares in a single issuer was inconsistent with Mr Hirani's and Mr Kerai's usual investment practices.
- (o) Mr Hirani's internet activity on 13 December 2021, namely his visits to four webpages related to insider dealing and recent insider dealing convictions, suggesting that Mr Hirani had concerns about the legality of this conduct prior to the Announcement.

- (p) The absence of any credible alternative explanation from Mr Hirani or Mr Kerai for their actions.

- 5.25. The above facts and matters point convincingly to Mr Hirani having unlawfully disclosed inside information to Mr Kerai, and both individuals then agreeing to deal in Bidstack shares on the basis of that inside information (by Mr Hirani buying the shares in Mr Kerai's name using a trading account set up in Mr Kerai's name).
- 5.26. On this basis, the Authority is satisfied that Mr Hirani unlawfully disclosed inside information relating to the Deal to Mr Kerai's in breach of Article 10 of UK MAR.

6. SANCTION

Financial penalty

Power to impose a financial penalty in respect of Mr Hirani's conduct

- 6.1. Section 123 of the Act provides that, if the Authority is satisfied that a person has contravened Article 14 of UK MAR, it may impose a penalty of such amount as it considers appropriate on the person.
- 6.2. Article 14(a) of UK MAR prohibits a person from engaging in or attempting to engage in insider dealing. Article 14(c) of UK MAR prohibits the unlawful disclosure of inside information. The Authority is therefore satisfied that Mr Hirani has contravened Article 14 of UK MAR.

The Authority's penalty policy

- 6.3. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. The principal purpose of imposing a financial penalty is to promote high standards of regulatory and/or market conduct by deterring persons who have committed breaches from committing further breaches, helping to deter other persons from committing similar breaches and demonstrating generally the benefits of compliant behaviour.
- 6.4. In determining whether a financial penalty is appropriate the Authority is required to consider all the relevant circumstances of a case. Applying the criteria set out in DEPP 6.2.1G (regarding whether or not to take action for a financial penalty or public censure), DEPP 6.2.2G (regarding whether to take action for market abuse) and DEPP 6.4.2G (regarding whether to impose a financial penalty or public censure), the Authority considers that Mr Hirani's conduct was sufficiently serious that the imposition of a financial penalty is an appropriate sanction.
- 6.5. The Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5C sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in market abuse cases.

Step 1: Disgorgement

- 6.6. Pursuant to DEPP 6.5C.1G, at Step 1 the Authority seeks to deprive an individual of the financial benefit derived directly from the market abuse where it is practicable to quantify this.
- 6.7. Mr Hirani did not derive any direct financial benefit from the market abuse that he committed.
- 6.8. The Step 1 figure is therefore £0.

Step 2: the seriousness of the breach

- 6.9. Pursuant to DEPP 6.5C.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the market abuse. That figure is dependent on whether or not the market abuse was referable to the individual's employment.
- 6.10. The market abuse committed by Mr Hirani was referable to his employment. In cases where the market abuse was referable to the individual's employment, the Step 2 figure will be the greater of:
 - (a) a figure based on the percentage of the individual's relevant income;
 - (b) a multiple of the profit made or loss avoided by the individual for their own benefit, or for the benefit of other individuals where the individual has been instrumental in achieving that benefit, as a direct result of the market abuse (the "profit multiple"); and
 - (c) for market abuse cases which the Authority assesses to be seriousness level 4 or 5, £100,000. The Authority usually expects to assess market abuse committed deliberately as seriousness level 4 or 5.
- 6.11. An individual's relevant income is the gross amount of all benefits they received from the employment in connection with which the market abuse occurred for the period of the market abuse.
- 6.12. The market abuse committed by Mr Hirani occurred on or around 9 December 2021 (unlawful disclosure) and 10 December 2021 (insider dealing). Pursuant to DEPP 6.5C.2G(5), in cases where the market abuse was a one-off event, the relevant income will be that earned by the individual in the 12 months preceding the final market abuse. The Authority considers Mr Hirani's relevant income for this period to be £111,372.
- 6.13. In cases where the market abuse was referable to the individual's employment:
 - (a) the Authority determines the percentage of relevant income which applies by considering the seriousness of the market abuse and choosing a percentage between 0% and 40%; and

- (b) the Authority determines the profit multiple which applies by considering the seriousness of the market abuse and choosing a multiple between 0 and 4.
- 6.14. The percentage range and profit multiple range are divided into five fixed levels which reflect, on a sliding scale, the seriousness of the market abuse; the more serious the market abuse, the higher the level. For penalties imposed on individuals for market abuse there are the following five levels:
Level 1 – 0% of relevant income; profit multiple of 0
Level 2 – 10% of relevant income; profit multiple of 1
Level 3 – 20% of relevant income; profit multiple of 2
Level 4 – 30% of relevant income; profit multiple of 3
Level 5 – 40% of relevant income; profit multiple of 4
- 6.15. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the market abuse, and whether it was committed deliberately or recklessly.
- 6.16. DEPP 6.5C.2G(11) lists factors relating to the impact of the market abuse, which include:
- (a) the level of benefit gained or loss avoided, or intended to be gained or avoided, by the individual from the market abuse, either directly or indirectly;
- (b) whether the market abuse had an adverse effect on markets and, if so, how serious that effect was. This may include having regard to whether the orderliness of, or confidence in, the markets in question has been damaged or put at risk; and
- (c) whether the market abuse had a significant impact on the price of shares or other investments.
- 6.17. The Authority considers that Mr Hirani did not gain any benefit or avoid any loss, or intend to do so, from the market abuse, either directly or indirectly. The market abuse did not have an adverse effect on the markets or have a significant impact on the price of Bidstack's shares.
- 6.18. DEPP 6.5C.2G(12) lists factors relating to the nature of the market abuse; of these, relevant factors are that Mr Hirani abused a position of trust, as interim CFO he was on Bidstack's permanent insider list (DEPP 6.5C.2G(12)(b)), whether Mr Hirani caused or encouraged other individuals to commit market abuse, by acting with Mr Kerai's assistance he caused him to commit market abuse (DEPP 6.5C.2G(12)(c)), and that at the material time Mr Hirani held a senior position with the firm (DEPP 6.5C.2G(12)(f)).

- 6.19. DEPP 6.5C.2G(13) lists factors which tend to show the market abuse was deliberate. The Authority considers that Mr Hirani knew or recognised that the information on which the dealing was based was inside information: he knew that the information was not public and he knew it could be used to trade at an advantage to the rest of the market. Mr Hirani was also aware of the illegality of sharing and using such information, and that his actions were not in accordance with the firm's internal procedures.
- 6.20. Mr Hirani also committed the market abuse in such a way as to reduce the risk that it would be discovered, by opening the account and placing the trades in Mr Kerai's name, in order to distance himself from the transaction.
- 6.21. The Authority therefore considers that Mr Hirani's market abuse was committed deliberately.
- 6.22. DEPP 6.5C.2G(15) lists factors likely to be considered 'level 4 or 5 factors'. Of these the Authority considers that the factors relevant to Mr Hirani's conduct are that he breached a position of trust (DEPP 6.5C.2G(15)(d)) and that the market abuse was committed deliberately (DEPP 6.5C.2G(15)(f)).
- 6.23. DEPP 6.5C.2G(16) lists factors likely to be considered 'level 1, 2 or 3 factors'. Of these the Authority considers that the only factor relevant to Mr Hirani's conduct is that there was no, or limited, actual or potential effect on the orderliness of, or confidence in, markets as a result of the market abuse DEPP 6.5C.2G(16)(a). The Authority does however consider this type of market abuse to be inherently damaging to market confidence.
- 6.24. Taking all of these factors into account, the Authority considers the seriousness of the market abuse to be Level 4. This means that the Step 2 figure is the greater of a figure based on 30% of relevant income (30% of £111,372 = £33,412) and a profit multiple of 3 (3 x £0 = £0), or £100,000.
- 6.25. Notwithstanding the seriousness of the market abuse, the Authority considers that the level of penalty would nonetheless be disproportionate if it were not reduced and should therefore be adjusted. In order to achieve a penalty that (at Step 2) is proportionate, the Step 2 figure is reduced to £80,000 as £100,000 is considered by the Authority to be disproportionate. This reduction has been made in accordance with DEPP 6.5.3G.

Step 3: Mitigating and aggravating factors

- 6.26. Pursuant to DEPP 6.5C.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 market abuse.
- 6.27. Having considered the aggravating and mitigating factors mentioned at DEPP 6.5C.3G, the Authority concludes that there are no aggravating factors that are applicable in this case. As to mitigating factors, Mr Hirani has no history of disciplinary action taken against him by the Authority or by any other domestic or

international regulatory body. However, in the circumstances of this case, the Authority considers that these mitigating factors do not merit a reduction of the penalty.

6.28. The Step 3 figure is therefore £80,000.

Step 4: Adjustment for deterrence

6.29. Pursuant to DEPP 6.5C.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the individual who committed the market abuse, or others, from committing further or similar market abuse then the Authority may increase the penalty.

6.30. The Authority considers that the Step 3 figure of £80,000 represents a sufficient deterrent to Mr Hirani and others and so has not increased the penalty at Step 4.

6.31. The Step 4 figure is therefore £80,000.

Step 5: Settlement discount

6.32. Pursuant to DEPP 6.5C.5G, if the Authority and the individual on whom 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 which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the individual reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

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

6.34. Step 5 is therefore £56,000.

Penalty

6.35. The Authority hereby imposes a total financial penalty of £56,000 on Mr Hirani for market abuse.

7. PROCEDURAL MATTERS

7.1. This Notice is given to Mr Hirani under and in accordance with section 390 of the Act. The following statutory rights are important.

Decision maker

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

Manner and time of payment

7.3. The financial penalty must be paid in full by Mr Hirani to the Authority in the following instalments:

a) £28,000 by 10 February 2026; and

b) £28,000 by 27 April 2026

If the financial penalty is not paid

7.4. If any, or any part of, an instalment is outstanding on the day after it is due to be paid to the Authority (in accordance with paragraph 7.3 above), the Authority may recover the full outstanding amount of the financial penalty as a debt owed by Mr Hirani 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 you 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 Samantha Carruthers at the Authority (direct line: 020 7066 3574 / email: Samantha.Carruthers@fca.org.uk).

Ross Murdoch

Head of Department

Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A

RELEVANT STATUTORY AND REGULATORY PROVISIONS

The Financial Services and Markets Act 2000 (“the Act”)

The Authority’s statutory objectives

1. The Authority’s statutory objectives, set out in section 1B(3) of the Act, include the integrity objective, which is protecting and enhancing the integrity of the UK financial system and includes (amongst other matters) its not being affected by contraventions by persons of Article 14 (prohibition of insider dealing and of unlawful disclosure of inside information) of UK MAR.

Section 123 of the Act

2. The Authority has the power under section 123(1)(a) and 123(2) of the Act to impose a penalty of such amount as it considers appropriate on a person if it is satisfied that the person has contravened Article 14 (prohibition of insider dealing and of unlawful disclosure of inside information) [...] of UK MAR.

Section 131AE of the Act

3. Under section 131AE of the Act, a person contravenes Article 14 (prohibition of insider dealing and of unlawful disclosure of inside information) whether the contravention is by that person alone or by that person and one or more other persons jointly or in concert.

Regulation (EU) No 596/2014 (“UK MAR”)

4. Article 1 of UK MAR provides that:

This Regulation establishes a regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (market abuse) as well as measures to prevent market abuse to ensure the integrity of financial markets in the United Kingdom and to enhance investor protection and confidence in those markets.

5. Article 2(1)(b) of UK MAR provides that UK MAR applies to:

financial instruments traded on a UK MTF, Gibraltar MTF or an EU MTF, admitted to trading on a UK MTF, Gibraltar MTF or an EU MTF or for which a request for admission to trading on a UK MTF, Gibraltar MTF or an EU MTF has been made;

6. Article 7(1)(a) of UK MAR provides that for the purposes of MAR inside information will comprise of:

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

7. Article 7(2) of UK MAR provides that 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 [...]

8. Article 7(4) of UK MAR provides that for the purposes of Article 7(1) of UK MAR:

information, which, if it were made public, would be likely to have a significant effect on the prices of financial instruments ... shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

9. Article 8(4) of UK MAR provides that:

This Article applies to any person who possesses inside information as a result of:

- (a) being a member of the administrative, management or supervisory bodies of the issuer or emission allowance market participant;
- (b) having a holding in the capital of the issuer or emission allowance market participant;
- (c) having access to the information through the exercise of an employment, profession or duties; or
- (d) being involved in criminal activities.

This Article also applies to any person who possesses inside information under circumstances other than those referred to in the first subparagraph where that person knows or ought to know that it is inside information."

10. Article 10(1) of UK MAR provides that:

For the purposes of this Regulation, unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.

11. Article 14 of UK MAR provides that:

A person shall not:

- (a) engage or attempt to engage in insider dealing;
- (b) [...]
- (c) unlawfully disclose inside information.

12. Recital 14 to UK MAR states, as to the behaviour of reasonable investors, that:

Reasonable investors base their investment decisions on information already available to them, that is to say, on *ex ante* available information. Therefore, the question whether, in making an investment decision, a reasonable investor would be likely to take into account a particular piece of information should be appraised on the basis of the *ex ante* available information. Such an assessment has to take into consideration the anticipated impact of the information in light of the totality of the related issuer's activity, the reliability of the source of information and any other market variables likely to affect the financial instruments, the related spot commodity contracts, or the auctioned products based on the emission allowances in the given circumstances.

13. Recital 15 to UK MAR states that:

Ex post information can be used to check the presumption that the *ex ante* information was price sensitive, but should not be used to take action against persons who drew reasonable conclusions from *ex ante* information available to them.

14. Recital 16 to UK MAR states that:

Where inside information concerns a process which occurs in stages, each stage of the process as well as the overall process could constitute inside information. An intermediate step in a protracted process may in itself constitute a set of circumstances or an event which exists or where there is a realistic prospect that they will come into existence or occur, on the basis of an overall assessment of the factors existing at the relevant time. ...

15. Recital 23 to UK MAR states that:

The essential characteristic of insider dealing consists in an unfair advantage being obtained from inside information to the detriment of third parties who are unaware of such information and, consequently, the undermining of the integrity of financial markets and investor confidence. Consequently, the prohibition against insider dealing should apply where a person who is in possession of inside information takes unfair advantage of the benefit gained from that information by entering into market transactions in accordance with that information by acquiring or disposing of, by attempting to acquire or dispose of, by cancelling or amending, or by attempting to cancel or amend, an order to acquire or dispose of, for his own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. Use of inside information can also consist of trading in

emission allowances and derivatives thereof and of bidding in the auctions of emission allowances or other auctioned products based thereon that are held pursuant to Commission Regulation (EU) No 1031/2010 (1).

16. Recital 24 to UK MAR states that:

... The question whether a person has infringed the prohibition on insider dealing or has attempted to commit insider dealing should be analysed in the light of the purpose of this Regulation, which is to protect the integrity of the financial market and to enhance investor confidence, which is based, in turn, on the assurance that investors will be placed on an equal footing and protected from the misuse of inside information.

The Authority's Handbook of Rules and Guidance

Market Conduct

17. Following the coming into force of UK MAR, section 124 of the Act required the Authority to issue a statement of policy with respect to the type and level of administrative sanctions it may impose on a person who had contravened Article 14 of UK MAR.
18. The part of the Authority's Handbook of rules and guidance entitled "Market Conduct" ("MAR") provides guidance on UK MAR (see MAR 1.1.2G).
19. Chapter 1.2 of MAR is headed "Market Abuse: general".
20. MAR 1.2.3G states that [UK MAR] does not require the person engaging in the behaviour in question to have intended to commit market abuse.
21. MAR 1.2.8G states that the following factors may be taken into account in determining whether or not a person who possesses inside information ought to know that it is inside information for the purposes of the final indent of article 8(4) of [UK MAR]:
 - (1) if a normal and reasonable person in the position of the person who has inside information would know or should have known that the person from whom he received it is an insider; and
 - (2) if a normal and reasonable person in the position of the person who has inside information would know or should have known that it is inside information.
22. MAR 1.2.9G states that for the purposes of being categorised as an insider in article 8(4) of [UK MAR], the person concerned does not need to know that the information concerned is inside information.
23. MAR 1.2.12G states that the following factors may be taken into account in determining whether or not information has been made public, and are indications that it has (and therefore is not inside information):

- (1) whether the information has been disclosed to a prescribed market or a prescribed auction platform through a regulatory information service or RIS or otherwise in accordance with the rules of that market;
- (2) whether the information is contained in records which are open to inspection by the public;
- (3) whether the information is otherwise generally available, including through the Internet, or some other publication (including if it is only available on payment of a fee), or is derived from information which has been made public; and
- (4) whether the information can be obtained by observation by members of the public without infringing rights or obligations of privacy, property or confidentiality.

24. Chapter 1.4 of MAR is headed "Unlawful disclosure".

25. MAR 1.4.5G, which is headed "Factors to be taken into account in determining whether or not behaviour amounts to unlawful disclosure", states:

The following factors are to be taken into account in determining whether or not the disclosure was made by a person in the proper course of the exercise of his employment, profession or duties, and are indications that it was:

- (1) whether the disclosure is permitted by the rules of a trading venue a prescribed auction platform, of the FCA or the Takeover Code; or
- (2) whether the disclosure is accompanied by the imposition of confidentiality requirements upon the person to whom the disclosure is made and is:
 - (a) reasonable and is to enable a person to perform the proper functions of his employment, profession or duties; or
 - (b) reasonable and is (for example, to a professional adviser) for the purposes of facilitating or seeking or giving advice about a transaction or takeover bid; or
 - (c) reasonable and is for the purpose of facilitating any commercial, financial or investment transaction (including prospective underwriters or placees of securities); or
 - (d) reasonable and is for the purpose of obtaining a commitment or expression of support in relation to an offer which is subject to the Takeover Code; or
 - (e) in fulfilment of a legal obligation, including to employee representatives or trade unions acting on their behalf.

26. MAR 1.4.6G gives the following example of unlawful disclosure:
- (1) X, a director at B PLC has lunch with a friend, Y, who has no connection with B PLC or its advisers. X tells Y that his company has received a takeover offer that is at a premium to the current share price at which it is trading
27. MAR can be accessed here: [https://www.handbook.fca.org.uk/handbook/MAR/Decisions Procedures and penalties manual \("DEPP"\)](https://www.handbook.fca.org.uk/handbook/MAR/Decisions%20Procedures%20and%20penalties%20manual%20%28%20DEPP%29)
28. Chapter 6 of DEPP sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act and can be accessed here: <https://www.handbook.fca.org.uk/handbook/DEPP/6/?view=chapter>