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10 July 2020

Dear <Name>

**Reyker Securities PLC (In Special Administration) (“the Company”/“Reyker”)
In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency
and Companies List, Court Case Number: CR-2019-006671**

As you are aware, Mark Ford, Adam Stephens and Henry Shinnors, were each appointed as the Joint Special Administrators (“the JSAs”) of the Company on 8 October 2019. Capitalised terms referenced herein are as defined within previous documents issued in respect of the Special Administration. A full glossary of terms is available on our dedicated website at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/> (“the Website”).

ACTION REQUIRED: This letter sets out important information regarding a first interim distribution of Client Money. Action is required by no later than 17.00 hours (GMT) on 7 August 2020 to participate in the first interim distribution of Client Money.

1. Overview

Following the withdrawal of the proposed purchaser’s offer for Reyker’s business and a wholesale transfer of all Client Money and Custody Assets under Regulation 10B, the JSAs have concluded that a series of partial transfers of Custody Assets under Regulations 10B and 10C and a separate distribution of Client Money in accordance with the FCA’s Client Money Distribution and Transfer Rules (as set out in CASS 7A), now represents Clients’ best interests.

Whilst the return of Custody Assets is dealt with by way of the Distribution Plan, which requires the approval of the Creditors’ Committee and the Court, the distribution of Client Money is achieved by engaging with Clients and requesting instruction as to where they wish their Client Money to be sent.

Accordingly, the Client Claim Portal (www.reykerportal.com) (“the Portal”) has been updated to receive Clients’ instructions regarding the distribution of Client Money as well as permitting each Client to review their Client Statement(s) and submit their claim to Client Assets.

Smith & Williamson LLP

The affairs, business and property of Reyker Securities Plc (‘the Company’) are being managed by the joint administrators Mark Ford, Adam Henry Stephens, and Henry Shinnors of Smith & Williamson LLP. They act as agents of the Company and without personal liability. Mark Ford, Adam Henry Stephens, and Henry Shinnors are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Reyker Securities Plc is incorporated in England and Wales under the Companies Act 2006 with registered number 01747595. The Company is authorised and regulated by the Financial Conduct Authority with FRN 115308. LSE No: 780. The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at www.smithandwilliamson.com/rrsgdpr. Should you wish to be supplied with a hard copy, free of charge, please contact Smith & Williamson’s offices.

Clients are now able to access the 'Client Money Instruction Form' through the Portal and select one of the four options available with respect to the distribution of Client Money for each plan that they hold with the Company and had a cash balance as at 8 October 2019 (being the date of the JSAs' appointment). Further detail in respect of these options is provided at Appendix I.

2. First interim distribution of Client Money

The JSAs are pleased to confirm a first interim distribution of Client Money will be paid shortly after 7 August 2020 where a Client has completed the Client Money Instruction Form by 17.00 hours (GMT) on this date.

The first interim distribution will be paid to all participating Clients in the sum of 85p in the £. Clients eligible for FSCS compensation will receive the full 85p in £, however, for FSCS ineligible or potentially ineligible Clients, the JSAs need to maintain a reserve for your share of the costs which means that the amount you will actually receive will be 80p per £.

Clients that wish to take part in this first interim distribution need to have submitted their Client Money Instruction Form (now available on the Portal) by no later than 17.00 hours on 7 August 2020.

The balance of funds in the Client Money Pool is a provision against future, new and unforeseen, claims against the Client Money Pool (and costs for Clients ineligible for FSCS compensation). Please note that Clients eligible for FSCS compensation, which is more than 98% of Reyker's Clients, are still expected to receive 100% of their Client Money in due course.

Where a Client submits the Client Money Instruction Form after **17.00 hours (GMT) on 7 August 2020**, the Client will not be able to participate in the first interim distribution of Client Money and their share of Client Money will be safeguarded under the JSAs' control until such time that either a second interim or a final distribution is declared.

The timing of further distributions will be at the JSAs' discretion and will be reviewed following the payment of the first interim distribution. This is to minimise the costs incurred in issuing several interim distributions.

Please note, instructions provided by you in respect of the first interim distribution as at 17.00 hours (GMT) on 7 August 2020 will apply to subsequent distributions except where alternative instructions are provided, either through the Portal or to the JSAs in writing. Alternative instructions need to be provided in good time and written instructions must be acknowledged by the JSAs. Reversals of transactions which have been set in motion or completed as per your original instructions will not be possible.

3. Clients with Investment Managers

The JSAs will accept investment instructions from Investment Managers, acting for Clients, where those Investment Managers have satisfied the JSAs as to their authority to do so; specifically the authority to decide where to invest their clients' Client Money.

The JSAs have provided those Investment Managers representing large numbers of Reyker Clients with an advance copy of this letter so that they may consider what is in your best interests in the fulfilment of their role as your investment manager. Where Investment Managers wish to exercise their authority we would expect them to communicate this directly to you to avoid the JSAs receiving competing instructions.

Where Investment Managers have provided instructions to the JSAs on your behalf, those instructions and the plans to which they relate will be clearly communicated when you log in to the Portal. Clients should pay particular attention to the 'Client notes' sections during their Portal journey as these have been tailored specifically for your own circumstances.

At the time of writing, three Investment Managers have provided investment instructions for their (combined) 4,000 Clients, having first provided details of their authority to do so. Clients with cash balances held in plans managed by these Investment Managers will find the Portal updated

to reflect these instructions by 17 July 2020. The JSAs will update the Portal with any further acceptable Investment Manager instructions as and when they are received.

Should any Client wish to provide alternative instructions to those provided by an Investment Manager on their behalf, then they are able to do so. Where competing instructions are received from Investment Managers and the Client, the JSAs will follow the instructions provided by the Client.

4. Submitting your Client Money Instruction Form

In order to participate in the distribution of Client Money, please log on to the Portal and complete the Client Money Instruction Form (by clicking on the link to the left-hand side of the home screen and following the instructions provided). In order to participate in the first interim distribution of Client Money, your Client Money Instruction Form must be submitted by 17.00 hours (GMT) on 7 August 2020.

To access the Portal and submit your Client Money Instruction Form, please use the following details:

Website:	www.reykerportal.com/login
Client ID:	Provided at the top of this letter
Password:	This will be either your own choice of password (where you have previously logged on to the Portal) or, alternatively, the initial password provided in the JSAs' letter dated 6 March 2020.

Please keep your password safe and secure for all future use of the Portal.

Should you need to reset your password or do not have access to the internet, please contact Client Services on 0800 048 9512 or clientservices@reyker.com.

5. Options relating to the distribution of Client Money

The Client Money Instruction Form will provide a summary of each plan that you hold with the Company which contains a Client Money balance and the balance of Client Money held within that plan as at 8 October 2019. This is the balance which forms part of the Client Money Pool and which is subject to the Client Money distribution.

Accordingly, your claim to Client Money and the Client Money Instruction Form does not include any other claim you may have against the Company, such as in respect of dividends and bond coupons received by the Company after 8 October 2019. Such income is defined as post-pooling receipts or corporate action assets and will form part of the transfer of Custody Assets under the Distribution Plan. Further detail in this regard is available at the Website.

The JSAs appreciate that some Clients hold multiple plans which may include cash balances held in different currencies and/or across varying investment products and, therefore, the Portal has been developed for Clients to provide a separate instruction for the separate Client Money cash balances held within each of their respective plans. This may be useful where Clients are seeking to preserve tax wrappers or receive foreign currency without wishing to trigger a currency exchange and its associated costs.

Appendix I provides an overview of the four options available to you in respect of your Client Money balance(s) held in your plan(s).

The four options have been carefully selected by the JSAs to allow each Client flexibility with the ongoing management of their investments and to ensure that, should Clients wish, tax wrappers presently provided through ISA, JISA, Child Trust Fund and offshore investments may be preserved. Similarly, the JSAs recognise that Clients may wish for their Client Money balances to be distributed to the same broker as to where their Custody Assets may be transferred under the Distribution Plan in due course.

In the event Clients elect for a cash distribution to be undertaken now, either to their personal bank account or to an alternative broker or ISA manager, Clients need to have taken their own advice in respect of that choice, including the selection of that broker, the effect on any tax wrappers and opened, where necessary, a new account in preparation for the Client Money distribution. Confirmation that this has been done will be required when selecting this option. Clients are referred to section 13 below in relation to the need to take independent advice on such issues.

6. Negative plan balances and other pre-administration debts owed to the Company

If any of the plans listed within your Client Statement(s) or Client Money Instruction Form have a negative balance, these plans are overdrawn and the balance will need to be paid or, alternatively, set-off against any future Client Money distributions due to you (where funds are sufficient), before any surplus Client Money can be distributed in accordance with your instructions.

Submitting your Client Money Instruction Form will require the acceptance of the JSAs' terms and conditions of the Client Money distribution which includes their ability to automatically set-off negative plan balances with cash held in alternative plans in your name (where funds are sufficient).

Please note, other than overdrawn Client plans, the Client Money balances do not include any claims that the Company may have against you in respect of unpaid fees or stamp duty in respect of any services provided prior to the Special Administration. These remain due and payable to the Company.

In the event you owe any sums to the Company and there is not sufficient cash held across all your plans to clear the debt by way of automatic set-off, the JSAs will notify you of the amount to be paid under separate cover.

7. Client Money distributions relating to ISA cash balances

Certain cash balances may relate to a stocks and shares ISA which comprises part or all of the Client Money balance held on behalf of a Client. ISA cash balances are held in separate plans from non-ISA cash balances and will be clearly highlighted on the Client Money Instruction Form based on the information available to the JSAs and previously agreed by Clients via the Portal. However, it is the responsibility of Clients to check they are happy with the figures provided.

The JSAs have contacted HMRC in relation to the distribution of funds relating to ISA cash balances and we understand that, where payments are made into a personal bank account, such distributions are treated as a standard cash withdrawal from that ISA and there should be no tax liability arising should you accept a distribution payment.

However, if you subsequently chose to reinvest the funds received back into an ISA, those funds will form part of your annual ISA subscription limit for that financial year as the funds will be deemed to have been removed from the original tax wrapper following acceptance of the payment.

Accordingly, where Clients are keen to preserve the existing tax wrapper, they may consider either deferring the Client Money distribution in order that part of the cash balance may transfer to the same broker and ISA manager as their Custody Assets (in due course) or, alternatively, request for the distribution to be transferred to an alternative ISA manager, having first taken the necessary advice and having opened an ISA account with them.

The above is based on information provided by HMRC to the JSAs. Client's will, however, need to take their own advice in respect of all decisions made relating to ISA cash balances and your attention is drawn to section 13 below which confirms that neither the JSAs nor the Company are giving or can give any advice on this issue.

8. Client Money distributions relating to JSAs and Child Trust Funds

The above comments relating to ISA cash balances are also relevant for cash held within Junior ISAs and Child Trust Funds, however, the option for a return of cash to a personal bank account or a charitable donation is not provided where the Client Money balance is held within a JISA or Child Trust Fund and the Client (being the beneficiary of the plan) is below the age of 18. This is because such funds cannot be withdrawn until the beneficiary is 18 years old.

9. Client Money distributions relating to SIPPs and QROPS

Some Clients may have Client Money balances invested in either Self Invested Personal Pensions (SIPPs) or a Qualifying Recognised Overseas Pension Scheme (QROPS), however, it is understood that, in all instances, the Company's records detail the SIPP or QROPS Trustee or manager as the Client. Accordingly, the distribution of cash balances held within a SIPP or QROPS will be distributed in accordance with the instructions of the scheme's trustee or manager, who should be well informed and seek to preserve the existing tax wrappers on behalf of their own underlying clients.

Cash balances held within SIPPs and QROPS schemes will be clearly identified on the Client Money Instruction Form based on the information available to the JSAs. However, it is the responsibility of Clients to check you are happy with the figures provided. Should any part of your Client Money balance relate to a SIPP or QROPS, please seek independent professional advice prior to completing your instructions.

10. Client representatives

As per legal advice, the JSAs must issue notice of the distribution of Client Money to each Client directly. It cannot be sent to any corporate intermediary, IFA or family member that may have previously assisted you with your investments.

The JSAs appreciate, however, you may prefer for an intermediary, IFA, or close friend or family member ("Client Representative") to assist with accessing the Portal and completing your Client Money Instruction Form on your behalf.

Should you wish for a Client Representative to submit your Client Money Instruction Form on your behalf, they will need to log-in to the Portal using the details provided herein and, when submitting the form, complete a declaration confirming they are authorised by you to act on your behalf. They will be prompted to input their own contact details for our records, together with details of when and how they are authorised by you.

The JSAs reserve the right to request additional documentation from either the Client or the Client Representative to verify the relationship.

11. FSCS compensation

As previously reported, the costs of pursuing Objective 1 of the Special Administration (i.e. the return of Client Assets) are paid from Client Assets and, therefore, Clients not eligible for or choosing not to claim FSCS compensation will receive a shortfall in the Client Assets to which they lay claim following the deduction of their share of these costs.

Clients are reminded that:

- Clients with Client Assets with a total value of less than £85,000 (as valued at 8 October 2019) are automatically treated by the FSCS as if they have submitted a claim for compensation to the FSCS on account of it exercising its power under COMP 3.2.1A of the FCA Handbook. This decision was made by the FSCS with a view to streamlining the process by which eligible Clients may receive compensation and, where possible, ensuring Client Assets are transferred whole; and
- Clients with Client Assets with a total value of equal to or greater than £85,000 (as valued at 8 October 2019) will not be treated as having automatically claimed compensation from

the FSCS. Such Clients are asked as part of the online claims process to confirm whether they wish to submit a claim for FSCS compensation or not (if not already done so).

The FSCS can pay up to £85,000 per eligible Client for claims in respect of Reyker Securities plc (in special administration), including those in respect of their share of the Objective 1 costs. Further information on eligibility criteria may be found at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>

A limited number of Clients qualified for emergency intervention from the FSCS and their respective claim to Client Money will have been assigned to the FSCS in its entirety. Accordingly, the respective Client Money distribution should be paid to the FSCS in the first instance, however, in order to expedite the repayment of any surplus that may be due to the Client, the FSCS has provided the JSAs with authority to distribute the residual balance (where applicable) directly to the Client as long as that Client has submitted their Client Money Instruction Form.

12. Terms and conditions of the Client Money Distribution

Full details regarding the terms and conditions of the Client Money distribution can be found at the Website and through the Portal. Clients must confirm they have read and understood these terms and conditions prior to submitting their Client Money Instruction Form.

13. Independent advice

Neither the Company nor the JSAs can give Clients any advice whatsoever in respect of their investments and / or the distribution of Client Money and nothing within this document, the Portal, or any other associated literature issued by the JSAs should be treated as such. If you are uncertain as to the best option(s) for you and your investments and the financial consequences, please seek independent professional advice.

14. Next steps

In order to receive a distribution of Client Money, you must:

- 1. Log on to the Portal and complete the Client Money Instruction Form by clicking on the link to the left-hand side of the Portal's home page and follow the instructions provided.**

In order to participate in the first interim distribution of Client Money, you must have submitted your Client Money Instruction Form by **17.00 hours (GMT) on 7 August 2020.**

Should you not have access to the internet or are experiencing difficulties accessing the Portal, please contact Client Services on 0800 048 9512 or clientservices@reyker.com

We continue to encourage you to remain vigilant and to exercise caution when dealing with correspondence regarding the Special Administration. If you are in any doubt regarding the authenticity of any correspondence you may receive, please do not hesitate to contact Client Services on the above details. Further guidance is available to all matters pertaining to the Special Administration on the Website.

Thank you for your continued patience and assistance in this regard.

Yours sincerely
For and on behalf of the Company



Mark Ford
Joint Special Administrator

OVERVIEW OF CLIENT MONEY DISTRIBUTION OPTIONS

Option 1 - HOLD the Client Money balance until such time that the Distribution Plan in respect of Custody Assets has been approved by the Court in order that my Client Money and Custody Assets may be held by the same broker or ISA manager in due course.

Ticking this option will mean your Client Money held within the respective plan will remain under the control of the JSAs and provide an opportunity for your Client Money to be sent to the same broker or ISA manager to whom your Custody Assets will soon be transferred. This may be considered attractive to Clients who have their investments in a tax wrapper (such as an ISA) where, under this option, Client Money and Custody Assets, all held within the same tax wrapper, may be transferred to the same broker or manager. Clients should, however, take their own advice in this regard.

Further instructions in respect of the return of Client Money will need to be provided by you once the identity of your new broker for Custody Assets under the Distribution Plan has been confirmed by the JSAs. Such instructions will be able to be provided through the Portal in due course.

Option 2 - DISTRIBUTE the Client Money balance to my (or the Client's) own personal bank account

Ticking this option will mean your Client Money will be paid to your (or the Client's) personal bank account as designated on the form. This will be classified as a withdrawal of the respective cash balance from any tax efficient investment scheme. Please note, transfers can only be made to bank accounts held in your (or the Client's) name.

The Portal will enable you to provide details for either UK or international bank accounts with a view to Clients preserving investments in foreign currencies, should they so wish.

Please note, any charges associated with the transfer of cash balances, such as bank transfer fees or foreign exchange charges levied by your bank, will be borne by you and paid from the balance of Client Money being distributed. It is your responsibility to ensure that you are aware of the associated costs prior to selecting this option.

The JSAs will need to verify each Client's designated bank account in advance of paying any distribution. This will initially be done by way of an automated verification check, however, this will only be possible for UK residents designating a UK bank account. In the event any designated bank account cannot be verified using the automated verification check, a member of the Client Services team will be in touch to discuss next steps. This may require additional documentation to be provided to the Company.

By selecting this option, you consent to the required bank account verification check being undertaken. This operation will not affect your credit rating or history.

Option 3 - DISTRIBUTE the Client Money balance to an alternative broker or ISA manager

Ticking this option will mean your Client Money will be transferred to the broker or ISA manager you identify on the form. The respective Client Money balance will be received by the new broker or ISA manager and may remain invested within the respective product type (e.g. ISA or JISA).

Please note, in order to avoid a delay to the distribution of funds, Clients ticking this option **must have:**

1. Contacted the proposed new broker or ISA manager and opened an account;
2. Made the new broker or ISA manager aware that the Client Money balance will be received directly from the Company (and not from your own personal bank account); and
3. Obtained all relevant references for the transfer so that this information may be added to the Portal.

If, for any reason, your Client Money cannot be distributed to your new broker or ISA manager, you will not be able to participate in the first interim distribution of Client Money and the respective cash balance will be safeguarded under the JSAs' control until such time that either a second interim or a final distribution is declared. **Please make sure you have given your new broker as much information as possible in order to ensure there are no complications.**

Your choice of broker or ISA manager is at your own risk and nothing within this document should be considered advice in this regard. Please make sure you are fully aware of any costs that may be incurred with your new broker and ISA manager prior to ticking this option and you are comfortable that your desired investment aims will be satisfied accordingly. There will be no possibility of Clients transferring money back to Reyker following any distribution.

Option 4 - I wish to irrevocably waive my entitlement to the Client Money balance and instruct the JSAs to DONATE the cash to NHS Charities Together.

Ticking this option will mean you irrevocably waive any entitlements that you have to the respective Client Money balance and instruct the JSAs to donate such funds to the NHS Charities Together.

NHS Charities Together is the new trading name of The Association of NHS Charities, a membership organisation representing, supporting and championing NHS Charities. Further detail is available at <https://www.nhscharitiestogether.co.uk/what-we-do/>

This option has been provided given the high number of legacy accounts that appear to remain open with small balances.

Please note, the Regulations do not confirm a de minus level and, therefore, any Client Money balance held by the Company on behalf of a Client, no matter how small, may still be claimed or donated.

Disclaimer

Neither the Company or the JSAs can give Clients any advice whatsoever in respect of their investments and / or the distribution of Client Money and nothing within this document, the Portal, or any other associated literature issued by the JSAs should be treated as such. If you are uncertain as to the best option(s) for you and your investments and the financial consequences, please seek independent professional advice. It may be necessary to seek specialist tax advice in respect of any cash balances held within ISA, JISA, IF ISA or Child Trust Fund products before providing instructions to the JSAs to deal with the distribution of that element of your Client Money balance.

Mark Ford, Adam Stephens and Henry Shinnors of Smith and Williamson LLP were each appointed as the JSAs of the Company on 8 October 2019. The affairs, business and property of the Company are being managed by the JSAs who act as agents of the Company and without personal liability.

If you have any queries relating to your claim to Client Assets or the Client Money Distribution, please contact Client Services:

Telephone: 0800 048 9512

Email: clientservices@reyker.com