

**TO ALL KNOWN CLIENTS OF REYKER SECURITIES PLC**

22 November 2019

Client Reference: [xxxxxxx]

Our ref: MCF/PH/ZP/RF060

Tel: 0800 048 9512  
Email: reyker.securities@smithandwilliamson.com[Recipient]  
[Address Line 1]  
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[Town]  
[County]  
[Post Code]

Dear Sir/Madam

**Reyker Securities PLC (in special administration) (“the Company”)  
In the High Court of Justice, Chancery Division, Companies Court (Case No: CR-2019-006671)**

Further to our letter to all known clients on 17 October 2019, we write to advise you that the Joint Special Administrators’ Proposals for achieving the statutory objectives of the special administration (“the JSAs Proposals”) will be available to view and download on the website detailed below with effect from Thursday 28 November 2019.

A lot of important material is contained in the JSAs’ Proposals including information on the events leading to the special administration, the JSAs’ actions since appointment, the objectives being pursued and the plans for returning client money and client custody assets.

The JSAs’ Proposals also contain formal notice of the initial meeting of clients and creditors in order to consider the JSAs’ Proposals and the appointment and composition of a clients’ and creditors’ committee. Further detail is provided herein.

### 1. Suggested actions

- a) Download and read the JSAs’ Proposals. See section 3 about how you can do this.
- b) Consider whether you (or someone on your behalf - we refer to them as a proxy holder) want to attend and vote at the forthcoming clients’ and creditors’ meeting. There is no obligation to attend.

**Don’t want to attend?** You don’t need to attend and can instead submit a proxy form. See section 9 about how you can do this.

**Do want to attend?** If you or your proxy holder do want to attend, then see section 4 about how you can do this.

#### Smith & Williamson LLP

The affairs, business and property of the Company are being managed by the special administrators Adam Henry Stephens, Henry Anthony Shinnars and Mark Christopher Ford who act as agents of the Company and without personal liability.

Adam Henry Stephens, Henry Anthony Shinnars and Mark Christopher Ford are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. As such we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at <http://smithandwilliamson.com/rsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact the staff member above.

Reyker Securities Plc is authorised and regulated by the Financial Conduct Authority. FCA registration number: 115308.  
Registered in England, Company number: 01747595. Registered office: 25 Moorgate, London, EC2R 6AY. Formerly 17 Moorgate, London EC2R 6AR.

The word partner is used to refer to a member of Smith & Williamson LLP. A list of members is available at the registered office Registered in England at 25 Moorgate, London EC2R 6AY No OC369631. Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International, a worldwide network of independent accounting firms.

**Please note - these are just suggestions. If you do nothing or do not attend the meeting, this will not prejudice your claim or rights in the special administration.**

## 2. Financial Services Compensation Scheme (“FSCS”)

We recognise that the return of assets and any costs deducted will be a key concern to clients. In many cases, subject to meeting the relevant criteria (see the FSCS’ website) and the limit of £85,000, FSCS compensation will mitigate losses suffered by clients. We are in regular contact with the FSCS and we have attached to this letter a summary of the FSCS information made available to clients of another recent and relevant special administration (replicated with their consent from the FSCS website) and we have provided two further **illustrative only** examples of how individuals, that qualify, may be affected (or not) by the FSCS compensation limits. Please note that currently the basis of any remuneration and allocation of costs will be subject to committee approval and that the total costs of the administration are not yet known. Therefore, the attached examples are, again, for illustrative purposes only.

General guidance and information in respect of the FSCS, including who it provides compensation to and for what, may be found on the FSCS website [www.fscs.org.uk/failed-firms/reyker-securities/](http://www.fscs.org.uk/failed-firms/reyker-securities/) and information on eligibility may be found at: <https://www.fscs.org.uk/how-we-work/eligibility-rules/>.

## 3. Website, and where you can get more information

Due to the number of clients and creditors in the special administration certain statutory documents will be made available electronically.

The JSAs’ Proposals are now available to be downloaded or viewed at [www.ips-docs.com](http://www.ips-docs.com) (the “Website”) together with other key documents that are outlined in this letter.

To access documents on this website:

1. Enter login code - **Reyker** (case sensitive) and select the case from the drop-down menu;
2. Enter the unique ID - **R3yk3r19** (case sensitive) and click ‘LOGIN’

Please note that you may request a hard copy of any of these documents, which will be provided at no cost. Please either telephone 0800 048 9512 or email [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com) or write to Reyker Securities plc (in special administration), 25 Moorgate, London EC2R 6AY.

## 4. The initial meeting of creditors and clients

A meeting of creditors and clients, to consider and vote upon the JSAs Proposals and the formation of a clients’ and creditors’ committee has been convened as follows:

Date:	Monday 16 <sup>th</sup> December 2019
Time:	11:00am (with registration 10.00-10.45am)
Address:	etc. venues, 155 Bishopsgate, Liverpool Street, London, EC2M 3YD

Registration for the meeting will take place between 10.00am and 10.45am with formal proceedings commencing at 11.00am.

Personal identification of either you or, where applicable, your proxy holder will be required as part of the registration process. Please remember this on the day in order to ensure admission to the meeting. We will accept:

- A driving licence or passport;
- A photocard, credit card or debt card; or
- A parking blue badge.

Please note, a council tax or utility bill will not be valid forms of identification for registration.

We would urge creditors and clients to register as early as possible on the day in order to ensure a prompt start to formalities. An information sheet providing further detail in respect of the conduct of the meeting and the associated practicalities is available on the Website and included within the Appendices accompanying the JSAs Proposals.

At the meeting, both creditors and clients of the Company will be asked to consider the following resolutions:

1. To approve or reject the JSAs' Proposals (as set out in the document available to download); and
2. To form a committee of creditors and clients (if there are sufficient creditors and clients willing to act).

Creditors and clients will vote separately and the JSAs' Proposals will be accepted on a simple majority vote by value of claims. The JSAs' proposals will not be approved unless both creditors and clients have voted to approve them.

**Please note, there will not be an opportunity to discuss your individual circumstances or holdings at the meeting and your interests will not be harmed in any way if you do not attend.**

Bearing in mind the number of clients and creditors that may wish to attend the meeting, spaces at the venue may be limited on the day.

**Please notify us in advance should you wish to attend the meeting by returning a proxy and statement of claim form, either by post, email or fax, before 12 noon on Friday 13 December 2019. Further details are provided below. Here is a summary of what you need to submit.**

What you need to do:	If you are attending:	If your proxy holder is attending (i.e. on your behalf):
Documents to submit <u>before</u> the meeting, and by 12 noon on 13 <sup>th</sup> Dec 2019.	1. Statement of claim form	1. Statement of claim form AND 2. Proxy holder form
Documents to bring with you <u>at</u> the meeting	Identification document (see above for what that means)	Identification document (see above for what that means)

## 5. The creditors' and clients' committee

The JSAs invite creditors and clients of the Company to form a committee. The purpose of the committee will be to assist the JSAs in the discharge of our functions.

Please note that a committee cannot be formed unless a majority (in value of those present and voting in person or by proxy) of both creditors and clients resolve to establish one. A committee in a special administration must also have at least three but not more than five members.

Information on the role of a committee can be found on the Website.

Please note that if a committee is formed, it will be for the committee to approve the basis of the JSAs' remuneration, their pre-appointment fees and expenses and their discharge from liability upon vacating office. In the event a committee is not formed, these responsibilities will fall to the general body of creditors and clients.

Should you wish to nominate yourself or someone else to sit on the committee please complete and return the proxy form, as detailed below. Please note, only a client or creditor of the Company may be nominated to sit on the committee.

## 6. Client statements

Clients intending on voting at the meeting on 16 December 2019 will need to submit a statement of claim form prior to the meeting.

To assist clients in valuing their claim for voting purposes, we enclose a statement confirming your total portfolio value (being the sum of client money and client custody assets valued as at close of business on 7 October 2019 (being the last practical valuation point prior to our appointment). The requirement to confirm details of your claim at this stage is purely to support your entitlement to vote at the meeting.

**Please note, the information contained within the client statement has been produced from the Company's records which has not been independently verified at the time of issue. The JSAs are required to reconcile the client accounts in accordance with the Client Asset Sourcebook ("CASS regulations") and this work is ongoing. Additional disclosures relating to the information within the client statement is enclosed.**

The admission, amendment or rejection by the chairperson of any claims for voting purposes at the meeting will neither constitute formal acceptance of a claim for distribution purposes, nor will it prejudice the rights or ability of a client or creditor to ultimately prove their claim for a different amount.

## 7. Information request

As the JSAs, we have a standard duty to consider the conduct of those who have been directors of the Company at any time during the last three years ending with the date of the special administration.

As part of our standard procedures, creditors and clients are invited to provide information on any concerns regarding the way in which the Company's business has been conducted and on potential recoveries for the estate. If you have any matters you wish to bring to my attention, please download and complete the document titled Creditors' and Clients' questionnaire from the Website and return it to this office at 25 Moorgate, London, EC2R 6AY or, alternatively, by email at [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com)

## 8. Outcome for clients

We have secured and safeguarded clients' portfolios (both client money and client custody assets) and are committed to returning these as quickly as possible.

Whilst our work to independently reconcile the Company's records and verify these to each respective client's entitlements (in accordance with CASS regulations) is in its early stages, we would comment that, to date, we have not identified any concerns as regard material deficits in client holdings.

We appreciate your main concerns will be how long will it take for your client money and client custody assets to be repatriated to you or, alternatively, a new broker, and what costs will be deducted from your portfolio as part of this process. The JSAs Proposals comment on our ongoing attempts to source a purchaser for the Company's business and assets which, if achieved, may help to expedite the return of your portfolios through a transfer of control of client assets to that purchaser. This process is ongoing and further updates will be made available to both Clients and Creditors

In many cases, the availability of FSCS compensation will completely mitigate the number of clients suffering losses. We are in regular contact with the FSCS and will provide an update on how many clients may face potential losses over £85,000, being the FSCS compensation limit, in due course.

General guidance and information in respect of the FSCS, including who it provides compensation to and for what, may be found on the FSCS website [www.fscs.org.uk/failed-firms/reyker-securities/](http://www.fscs.org.uk/failed-firms/reyker-securities/).

## 9. Next steps

There are various documents that you need to complete and return if you would like to be represented at the meeting or if you would like to attend the meeting.

On the website you will find the following documents:

1. The JSAs' Proposals *Please download and read prior to voting on the resolutions*
2. Proxy form – clients  
(this includes the sections to vote upon the resolutions, to nominate someone to represent you at the meeting and to nominate someone to be on the clients' and creditors' committee) *Please complete and return this form if you do not wish to attend the meeting in person but wish for your vote to be counted in regard to approving/rejecting the resolutions outlined above.*  
*This must be returned before **12 noon on Friday 13 December 2019 and must be accompanied by a Statement of claim.***  
*You may nominate "the Chairman" (which will be one of the JSAs) as your proxy to cast your vote as indicated on the form.*
3. Statement of claim – clients *Please complete and return this form to provide details of your claim in the special administration.*
4. Notice of meeting of creditors and clients *No action required – information only*
5. Guidance on committees *No action required – information only*
6. Guidance on special administrators' remuneration *No action required – information only*

Forms should be completed and returned:

By email: [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com) - scanned copy

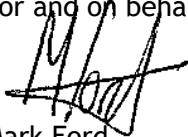
By post: 25 Moorgate, London, EC2R 6AY

By fax: 020 7131 4001

**For the avoidance of doubt, if you do nothing and / or do not attend the meeting, this will not prejudice your claim or rights in the special administration.**

Should you have any queries in respect of any of the points or instructions raised herein, please contact the dedicated customer services team on 0800 048 9512 or, alternatively, by email at [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com).

Yours faithfully  
For and on behalf of Reyker Securities PLC



Mark Ford

**Joint Special Administrator**

*Enc: Guidance to FSCS compensation, Your client statement disclosure, Your client statement*

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# Guidance to FSCS Compensation

## Allocation of costs / FSCS compensation

The FSCS has recently been asked questions about the costs of special administrations and the impact on portfolios of different size. Following these queries, the FSCS put together some examples in the tables below. These show whether FSCS compensation (limited to £85,000 per eligible client) is enough to cover the costs of transferring clients' portfolios to a new broker. Eligible clients are individuals and small companies (as defined in the Companies Act 2006).

This information has been provided by the FSCS and the first two examples are based on two earlier broker failures, where FSCS paid compensation and assume:

- client money costs will be charged at a percentage of the balance held (as required by the relevant rules)
- asset transfer costs will be set as a flat fee, capped at the value of the transferred assets.

The Reyker Securities Plc ("Reyker") special administrators have suggested that this is what they'd like to do subject to the committee approval, and FSCS agrees that it would be the best option. But this action will need to be agreed by any subsequently appointed client and creditors' committee as part of any required distribution plan. Also, the plan will need the approval of the court, at some point in the future. These assumptions could change and the costs of the administration are not yet known so there may be a difference in the costs clients could face.

The tables set out the compensation payable by FSCS and shortfalls payable by the client in eight example portfolios, ranging in value from £10,000 to £2 million.

### Firm A

- FSCS to pay costs of up to 10% of client money and £10,000 for asset transfers. The example shows these costs capped at the current limit of £85,000.
- clients with assets (shares and/or bonds) of any amount and a cash holding of £750,000 or less would bear no cost\*.
- clients with cash balances larger than £750,000 would have to pay a contribution (which can be deducted from the cash balance prior to transfer).

### Firm B

- the model shows FSCS agreeing to pay costs of up to 16% of client money and £2,250 for asset transfers. The example shows these costs capped at the current limit of £85,000.
- the equivalent cash balance is £517,187.50 (again for clients who also hold assets of any amount).

\*Clients with assets worth less than £10,000 would be able to be compensated in full for cash balances up to £85,000 as their asset transfer costs would be capped at the value of the assets and the balance of £85,000 compensation available to cover cash costs.

## Firm A

	Money held	Asset value	Total portfolio	Money charge	Asset charge	Total charge	Compensation	Shortfall
A	5,000	5,000	10,000	500	5,000	5,500	5,500	-
B	5,000	20,000	25,000	500	10,000	10,500	10,500	-
C	5,000	95,000	100,000	500	10,000	10,500	10,500	-
D	50,000	50,000	100,000	5,000	10,000	15,000	15,000	-
E	100,000	250,000	350,000	10,000	10,000	20,000	20,000	-
F	500,000	500,000	1,000,000	50,000	10,000	60,000	60,000	-
G	750,000	500,000	1,250,000	75,000	10,000	85,000	85,000	-
H	1,000,000	1,000,000	2,000,000	100,000	10,000	110,000	85,000	25,000

## Firm B

	Money held	Asset value	Total portfolio	Money charge	Asset charge	Total charge	Compensation	Shortfall
A	5,000	5,000	10,000	800	2,250	3,050	3,050	-
B	5,000	20,000	25,000	800	2,250	3,050	3,050	-
C	5,000	95,000	100,000	800	2,250	3,050	3,050	-
D	50,000	50,000	100,000	8,000	2,250	10,250	10,250	-
E	100,000	250,000	350,000	16,000	2,250	18,250	18,250	-
F	500,000	500,000	1,000,000	80,000	2,250	82,250	82,250	-
G	517,188	500,000	1,017,188	82,750	2,250	85,000	85,000	-
H	1,000,000	1,000,000	2,000,000	160,000	2,250	162,250	85,000	77,250

## Notes

Although the two examples are based on real events, at the time the limit for compensation was £50,000. It's now £85,000 and the tables reflect this. Also, one of the firms involved FSCS returning client money before the distribution plan took effect – this has been remodelled to reflect a transfer of cash and assets to a new broker at the same time.



## Further examples

The tables below set out the possible compensation payable by FSCS and shortfalls payable by the client in a number of example portfolios, ranging in value from £10,000 to £3.5 million in the two indicative examples where the FSCS pays costs of either 6% or 10% of client money and £6,000 or £10,000 for asset transfers. The examples show these costs capped at the current limit of the lower of the client portfolio value or £85,000 and, based on the company's records at the date of the administration, the number of clients that might be impacted by this level of cash holdings.

The level of costs of this special administration still has to be determined and agreed between the administrators and any subsequently formed clients' and creditors' committee. This means that the final figures could be quite different to the two examples. All the same, we think the tables below will help show which Reyker clients (if any) may have to bear some of the costs of the administration.

Please note that these examples only apply to clients that qualify for FSCS compensation. FSCS can cover client money shortfalls for eligible customers with protected claims, up to the compensation limit of £85,000. Generally, individuals and small businesses who were direct clients of the company will be considered eligible customers.

### 6% of Client money and £6,000 for asset transfers

6% and £6,000	# of clients with cash holding	Money held	Asset value	Total portfolio	Money charge	Asset charge	Total charge	Compensation	Shortfall
A	2,026	5,000	5,000	10,000	300	5,000	5,300	5,300	-
B	2,026	5,000	20,000	25,000	300	6,000	6,300	6,300	-
C	2,026	5,000	95,000	100,000	300	6,000	6,300	6,300	-
D	277	50,000	50,000	100,000	3,000	6,000	9,000	9,000	-
E	106	100,000	250,000	350,000	6,000	6,000	12,000	12,000	-
F	4	500,000	500,000	1,000,000	30,000	6,000	36,000	36,000	-
G	1	750,000	750,000	1,500,000	45,000	6,000	51,000	51,000	-
H	0	1,000,000	1,000,000	2,000,000	60,000	6,000	66,000	66,000	-
I	0	1,316,667	1,000,000	3,025,000	79,000	6,000	85,000	85,000	-
J	0	2,500,000	1,000,000	3,500,000	150,000	6,000	156,000	85,000	71,000

## 10% of Client money and £10,000 for asset transfers

10% and £10,000	# of clients with cash holding	Money held	Asset value	Total portfolio	Money charge	Asset charge	Total charge	Compensation	Shortfall
A	2,026	5,000	5,000	10,000	500	5,000	5,500	5,500	-
B	2,026	5,000	20,000	25,000	500	10,000	10,500	10,500	-
C	2,026	5,000	95,000	100,000	500	10,000	10,500	10,500	-
D	277	50,000	50,000	100,000	5,000	10,000	15,000	15,000	-
E	106	100,000	250,000	350,000	10,000	10,000	20,000	20,000	-
F	4	500,000	500,000	1,000,000	50,000	10,000	60,000	60,000	-
G	1	750,000	750,000	1,500,000	75,000	10,000	85,000	85,000	-
H	0	1,000,000	1,000,000	2,000,000	100,000	10,000	110,000	85,000	25,000
J	0	2,500,000	1,000,000	3,500,000	250,000	10,000	260,000	85,000	175,000

**Reyker Securities plc (in special administration)  
("the Company")**

**Your Client Statement - Disclosure**

**22 November 2019**

**Important information**

**This statement is provided for the sole purpose of quantifying the value of your vote at the client and creditors meeting of the Company on 16 December 2019** pursuant to Rules 90 - 91 of the Investment Bank Special Administration (England and Wales) Rules 2011. That meeting has been called for the purpose of considering and approving the Joint Special Administrators' proposals for the conduct of the special administration of the Company ("the JSAs Proposals").

The statement has been produced from the Company's books and records and information available to the Special Administrators on or before 22 November 2019. This information has not been fully reconciled in accordance with CASS regulations by the Special Administrators at the time of issuing this statement and therefore maybe subject to change as part of any formal distribution process that needs to be completed.

The statement does not provide any confirmation or guarantee of the value of client money and/or client custody assets you will receive back from the Company as part of any formal distribution process. The nature and terms of any distribution process will be a matter to be decided by the Special Administrators in the future in accordance with the JSAs Proposals.

The value of your client money and client custody assets is calculated as at close of business on 7 October 2019, being the last practical valuation point prior to our appointment on 8 October 2019.

In relation to any client custody assets the value of your holdings is based on the closing or settlement price of those assets calculated as follows:

- For client custody assets traded on an exchange (such as the London Stock Exchange), the closing or settlement price published by that exchange;
- For client custody assets traded elsewhere, the closing or settlement price published by an appropriate pricing source as at close of business on 7 October 2019; or
- Where no such source is available, a nominal amount of £1 has been assigned by the joint special administrators for voting purposes.

Where client custody assets are quoted in currencies other than sterling, the market price for the assets has been converted at the relevant spot rate prevailing in the London market as published at close of business on 7 October 2019.

In some instances, transactions started but not completed prior to the date of special administration have not been able to settle. For the purpose of statement production, these unsettled transactions have been reversed. Your asset portfolio and cash statement will reflect such positions.

The Special Administrators continue to liaise with the London Stock Exchange and clearing houses guided by the rules of the London Stock Exchange (if traded on-exchange) and the provision of default rules in line with other market counterparties as and when applicable in order to finalise the position with the unsettled transactions.

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