

**REYKER SECURITIES PLC (IN SPECIAL ADMINISTRATION) (“the Company”)
COMPANY NUMBER - 01747595**

**IN THE HIGH COURT OF JUSTICE, BUSINESS AND COURTS OF ENGLAND & WALES,
COMPANY & INSOLVENCY LIST (CH D), CASE NUMBER: CR-2019-006671**

MINUTES OF THE INITIAL MEETING OF THE COMPANY’S CLIENTS AND CREDITORS

Date: 16 December 2019

Time: 11.00 a.m.

Venue: etc. venues, 155 Bishopsgate, London, EC2M 3YD

Present: Mark Ford, Smith & Williamson LLP (Joint Special Administrator & Chair)(“MCF”)
Adam Stephens, Smith & Williamson LLP (Joint Special Administrator) (“AS”)
Phil Hemming, Smith & Williamson LLP
Joanne Rumley, Foot Anstey LLP
Tim Pritchard, Foot Anstey LLP
Simon Wilson, Financial Services Compensation Scheme

Glossary

Capitalised terms within this document are defined as follows:

CASS	The FCA’s “Client Assets Sourcebook” rules
Client	A party for whom the Company held either Client money or Custody Assets or both on their behalf
Client Assets	Client Money and Custody Assets
Client Money	Money of any currency that the Company has received or holds for, or on behalf of, a Client
CMP	Client Money Pool
Creditor	Any party who is owed an amount from the Company including i) a Client with a shortfall of either Client Money or Custody Assets and ii) any other creditor who is owed an amount from the Company, to include secured, preferential or ordinary unsecured creditors.
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients
FSCS	Financial Services Compensation Scheme
House Assets	The Company’s own assets available for realisation to the administration estate
JSAs	The Joint Special Administrators
JSAs’ Proposals	The proposals previously circulated to all known Clients and Creditors as part of the JSAs’ report dated 25 November 2019
JSAs’ Reconciliation	An independent reconciliation of the Client Money and Custody Assets to be completed by the JSAs under Reg 10H of the Regulations
Post Pooling Receipts	Client Money received after a primary pooling event in accordance with CASS Rule 7A.2.7R
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
Special Administration	The Special Administration of the Company

1. Introduction

- 1.1 The meeting was opened at 11.15am by MCF, being one of the JSAs and acting Chair. The meeting did not open at 11.00am as planned as Clients had called reporting delays on trains into London.
- 1.2 MCF began by thanking those in attendance and introducing his associates listed above. He explained Foot Anstey had been providing legal advice to the JSAs in respect of numerous matters pertaining to the Special Administration and that they had vast experience of the Special Administration Regime.
- 1.3 It was explained that the meeting had been convened in accordance with Paragraph 51 of Schedule B1 Insolvency Act 1986 as modified by Reg 15 of the Regulations for the purpose of the Company's Clients and Creditors considering and voting upon the following resolutions:
 - i. THAT the JSAs' Proposals (as previously circulated in their report dated 25 November 2019) be approved; and
 - ii. THAT a Clients' and Creditors' committee should be established (if there are sufficient Clients and Creditors willing to act).

2. Order of business

- 2.1 MCF confirmed the meeting agenda as follows:

- a) Presentation by the JSAs;
- b) Presentation by the FSCS;
- c) Questions and answers session;
- d) Explanation of the voting process;
- e) Explanation of the committee selection process;
- f) Recess for voting and committee nominees to address top table;
- g) Announcement of result
- h) Establishment of the Clients' and Creditors' committee; and
- i) Close

3. Presentation by the JSAs

- 3.1 MCF checked that everyone in the room had had an opportunity to review the JSA's Proposals and he then referred to the presentation slides and provided an overview of the following:

- a) Background to the Company;
- b) Events leading to the appointment of the JSAs;
- c) The objectives of a special administration generally;
- d) Client Assets held by the Company;
- e) Steps taken by the JSAs following their appointment to achieve the objectives of the Special Administration;
- f) The challenges faced by the JSAs to date; and
- g) The JSAs' proposed strategy.

MCF handed over to his fellow Joint Special Administrator, AS, who provided an overview of the following:

- a) An explanation of the bar date and distribution plan process and anticipated timescales;
- b) Potential challenges that may arise;
- c) How the costs in respect of pursuing objective 1 will be recovered from Client Assets; and
- d) The implications for Creditors (as opposed to Clients).

4. Presentation by the FSCS

- 4.1 The JSAs introduced Simon Wilson of the FSCS who provided an overview of the role of the FSCS and the compensation that may be available to eligible clients;
- 4.2 He confirmed:
- a) Compensation for eligible Clients is available up to a maximum of £85,000;
 - b) Eligible clients would be, broadly speaking, individual investors or small businesses (additional detail can be found at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>);
 - c) The FSCS are familiar with the Special Administration process and, historically, costs have been recovered from Client Assets as a percentage of Client Money held by each respective Client and a flat fee for the transfer of Custody Assets;
 - d) Where the Client is a corporate entity or financial institution, it may be possible (in certain circumstances) to look through the legal entity to the underlying individual beneficiaries with a view to that entity and its investors receiving compensation.
- 4.3 It was noted that the FSCS were working closely with the JSAs with a view to agreeing a protocol whereby the shortfall claims of eligible Clients could be agreed and paid in advance of any transfer of Client Assets in order to facilitate the whole transfer of said assets and to mitigate the need of each respective eligible Client to submit a claim direct to the FSCS. It was considered that this was in the best interests of all parties.

5. Questions and answers session

- 5.1 Following the presentation of the JSAs and the FSCS, the floor was opened for a Q&A session.
- 5.2 A summary of the key questions raised and the respective response of the JSAs is provided at Appendix I.

6. Explanation of the voting process

- 6.1 Following a short recess (after the floor confirming it had no further questions), MCF turned to the formalities of the meeting and provided an overview of the voting process.
- 6.2 MCF reminded the Clients and Creditors of the two resolutions to be considered and voted upon.
- 6.3 He explained that, in accordance with the Regulations:
- a) The Clients and Creditors would vote on each resolution separately;
 - b) A majority in value by either Clients or Creditors in person and voting, either in person or by proxy, was required for a resolution to be passed; and
 - c) A resolution would not be passed unless both Clients and Creditors had voted in favour of it.
- 6.4 MCF confirmed that the statements previously circulated to Clients had been done so for the purpose of assigning a value to their respective voting right at today's meeting and that the votes of Creditors were valued on the basis of the sums owed to them as at the date of the Special Administration.
- 6.5 MCF summarised voting on each resolution based on claims and proxy forms received as at noon on Friday 13 December 2019 and confirmed that approximately 66% and 71% of Clients and Creditors (by value) respectively had already voted in favour of the resolutions.

7. Explanation of the committee selection process

7.1 MCF advised that, to date, seventeen nominations had been received for committee members and that, in accordance with the Regulations and Rules, a committee may only consist of between three to five members.

7.2 It was explained that additional nominees may be proposed at today's proceedings and that:

- a. Only a Client or Creditor can be a member of the Committee (although a member may subsequently authorise a representative to act on their behalf);
- b. a Client or Creditor can nominate themselves;
- c. Where more than 5 nominations are received, the constitution is ultimately decided by Clients and Creditors present at the meeting (either in person or by proxy) voting by value (i.e. 1 vote per £1); and
- d. The JSAs will set out the maximum number of members to be elected onto the committee by each class of voter (i.e. Clients or Creditors) in order to ensure the make-up of the Committee is a reflection of all parties with an interest in the achievement of the special administration objectives.

7.3 MCF noted the function of the Clients' and Creditors' Committee is to assist the JSAs in achieving the objectives of the Special Administration and to serve the collective interests of all Clients and Creditors as a whole as opposed to their own individual agenda.

7.4 The JSAs advised that a committee consisting of one Creditor (being the FSCS) and four Clients would, in their opinion, best serve the collective interests of all stakeholders given the circumstances of the case. It was recommended the four Clients to sit on the committee would, ideally, represent the interests of:

- i. A corporate retail Client (ineligible for FSCS compensation);
- ii. An individual retail Client (eligible for FSCS compensation);
- iii. An institutional intermediary or platform provider; and
- iv. A structured products investor (if not already represented).

7.5 The meeting then broke to allow Clients and Creditors to vote on the Resolutions and the committee nominees were requested to approach top table with a view to agreeing between themselves the four Clients to be presented to the meeting as the proposed committee members.

8. Announcement of results

8.1 Votes were cast and counted.

8.2 The votes submitted by the Clients and Creditors, either in person or by proxy, are summarised as follows:

Voting by Clients on 16 December 2019:

Resolution	For (£)	Against (£)	Outcome
1 - JSAs' Proposals	222,108,679	217,176	Passed - 99.90%
2- Committee	222,014,165	296,690	Passed - 99.87%

Voting by Creditors on 16 December 2019:

Resolution	For (£)	Against (£)	Outcome
1 - JSAs' Proposals	311,635	-	Passed - 100%
2- Committee	311,635	-	Passed - 100%

8.3 Accordingly, both of the Resolutions were duly passed.

8.4 No modifications were proposed by either Clients or Creditors in respect of the JSAs' Proposals.

9. Formation of the Clients' and Creditors' Committee

9.1 Following the Resolutions being passed, nominations for the members of the Clients' and Creditors' committee were received and considered.

9.2 Seventeen nominations had been received prior to the meeting with a further two being communicated during the meeting.


9.3 Following a consultation between the nineteen nominees, a consensus was agreed and 12 nominees agreed to withdraw their nomination so that four Clients (or Client representatives) and the FSCS were to be proposed as the committee members. Each nominee made a short introduction of themselves to the meeting attendees. The other nominees indicated that they were happy for these five to be elected to the committee.

9.4 The nomination of these five proposed committee members was put to the meeting for a vote and it was duly agreed, with no objections, from those present at the meeting.

9.5 It was noted that full details of the composition of the committee will be provided under separate cover once each of the proposed members had returned a consent to act and the requisite documentation had been completed to duly constitute the committee.

10. Close

10.1 The meeting was closed at approximately 2.00pm.



Mark Ford
Chair & Joint Special Administrator
19 December 2019

REYKER SECURITIES PLC (IN SPECIAL ADMINISTRATION)
MINUTES OF THE INITIAL MEETING OF CLIENTS AND CREDITORS
SUMMARY OF THE QUESTIONS & ANSWERS SESSION

Following the main presentation, the floor was opened for questions. The questions raised by those in attendance and the respective answers provided by the JSAs are summarised below.

For ease of reference, duplicated and similar questions have been consolidated under topic headings and, therefore, this record does not reflect the precise order in which they were asked at the meeting.

Client Assets

Q.) What is the status of any income received from investments following the Special Administration (e.g. dividends and interest) and when will such income be returned to Clients?

Custody Assets (e.g. stocks and securities) remain invested in the respective investment vehicle as at the date of the Special Administration. Any income received thereon, such as dividends and interest, following the date of the special administration is considered to be a Post-Pooling Receipt and credited to the respective Client's statement and held in a separate post-pooling client account (in accordance with CASS) and does not form part of the CMP (being the funds held by the Company as at the time of the JSAs' appointment).

Accordingly, any funds received into the post pooling client account are not subject to the formal bar date and distribution plan process and, therefore, may be returned sooner. No funds can be returned, however, until the JSAs' Reconciliation has been completed and a policy drafted in conjunction with our solicitors and any subsequently appointed Clients' and Creditors' Committee.

We will provide an update on our policy for the treatment of post-pooling Client Assets in early 2020 once the JSAs' Reconciliation has been completed.

Q.) When Client Assets are returned, will they retain their ISA status?

The JSAs have been liaising with HMRC with respect to maintaining the tax status of ISA investments and all income received thereon during the Special Administration.

When ISA investments are transferred to an alternative ISA manager, as per our present strategy, all ISA investments will retain their ISA status and tax wrapper.

Q.) How will investments in structured products be protected? Will you need to liquidate the asset in order to meet the costs of the Special Administration and the transfer to a new broker? If so, this will incur additional penalty fees.

The JSAs are working closely with the FSCS to streamline the process by which Clients may claim for shortfalls arising on their Client Assets as a result of the costs of the Special Administration and the transfer process.

It is hoped that, where eligible Clients would otherwise experience a shortfall of up to £85k, the FSCS will provide compensation in respect of eligible Clients direct to the JSAs and without the need for the respective Client to submit a claim. This will mitigate the need for any Client Assets to be liquidated and facilitate a transfer of the Clients' respective investment in whole (subject to eligibility).

Q.) When a structured product matures and / or kicks-out, does the cash received form part of the CMP or is it considered to be post-pooling money?

The JSAs are taking further legal advice on this point. Any mandatory kick-outs of structured products following our appointment are presently being received and held in the post-pooling accounts, however, we will be reviewing each transaction on a case by case basis.

We anticipate the cash received may be treated the same as other post-pooling receipts, however, as it relates to a Custody Asset held as at the date of our appointment, a mechanism will need to be put in place so that the respective Client bears their share of the costs of securing and managing the Custody Assets.

Company matters

Q.) Can you provide any further information with respect to the reason for the Company's failure and the shareholder disputes?

The Joint Special Administrators' proposals provide a concise summary of the reason for the Company's failure and are consistent with the director's own witness statement appending the application to Court for the special administration order, and more information is available in publicly available documents (e.g. the most recently submitted annual accounts).

We understand that the exiting director and shareholder had a significant business development role which would have impacted upon the Company's performance.

We would note that up until late September, the remaining board directors had been working towards a sale of the business and it was hoped that, should a share sale have been completed, it would have mitigated the need for the Special Administration.

Q.) What investigations are being undertaken and are there any claims to be brought against third parties?

As part of our work in accordance with objective three of the Special Administration, the JSAs are required to investigate the affairs of the Company and the conduct of its directors in the period leading up to the JSAs' appointment and to submit a report to the Insolvency Service on the conduct of any person who has been a director or shadow director of the Company at any time in the three years preceding the JSAs' appointment.

Investigations are in their preliminary stages and the content of any report issued to the Insolvency Service will remain confidential.

Any Clients or Creditors who have information they consider may assist the JSAs in carrying out their investigations are invited to provide details to the JSAs. Please note, this request forms part of our standard practice and should not be taken as implying any criticism in respect of the directors' conduct or that of any other person concerned with the Company's affairs.

Q.) With regard to the subsidiary, Reyker Trust and Depositary Services Limited ("RTDS"), is it trading and are its assets also subject to the Special Administration?

The subsidiary had two clients but is faced with its own going concern issues as a result of the Special Administration of the parent company ("the Plc").

Any of RTDS' assets would ordinarily fall outside of the Special Administration, however, we have identified that circa £3.5 million of the Client Money held by the Plc is being held on behalf of one of RTDS' clients. As the funds are held by the Plc (as opposed to

RTDS' own nominee company) they have been caught by the Special Administration and form part of the CMP.

Q.) The creditor list has at least two entities that have common directorships. Are there claims valid and what do they relate to?

Creditor claims as per the Company's records are yet to be reviewed and formally adjudicated upon. The relationship between the connected companies and the Company will form part of the JSAs' investigations (as referenced earlier).

Neither of the connected creditors have voted for the purpose of today's meeting.

Sale and distribution process

Q.) Has the timeline communicated in your slides for a transfer of Client Assets in Q2 2020 been predicated on a successful sale to one nominated broker?

Yes it has. The best possible outcome is a wholesale transfer of all Client Assets to one preferred nominated broker. Given the present stage of negotiations and providing for the statutory bar date and distribution plan process prescribed by the Regulations and the Rules, the earliest possible transfer would be approximately May / June 2020. This remains subject to the timely assistance from a number of counterparties.

Q.) Who are the interested parties?

We are not able to disclose this information at this time. All negotiations remain subject to non-disclosure agreements.

Once the terms of a sale of business and / or transfer of Client Assets has been agreed and an exchange of contracts taken place, we will confirm the proposed nominated broker to all Clients and Creditors.

Q.) How will you choose the preferred nominated broker?

The JSAs will consider several factors when selecting the best offer and the preferred nominated broker. These include:

- The sum and payment terms of the consideration offered;
- The extent of the business and assets being acquired;
- The implications for the Company's remaining employees;
- The speed at which the sale and transfer can be completed;
- The JSAs' confidence in each of the potential brokers' ability to perform;
- Feedback from regulatory bodies, such as FCA and FSCS;
- Regulatory permissions and prior regulatory track records; and
- Whether any party would be willing to agree to a penalty free window for Clients that may wish to transfer their portfolio to an alternative nominated broker following the transfer.

The JSAs will take a holistic view of the above points when considering the offers received.

Q.) Can we nominate our own broker and transfer assets out of the special administration prior to the proposed wholesale transfer to the JSAs' preferred broker?

No. As per the JSAs' presentation, the quickest and most cost-effective way of releasing Client Assets for the benefit of all Clients is to transfer them to a new regulated broker by way of one wholesale transfer in accordance with the Regulations and the Rules. The JSAs are pursuing this strategy.

Where certain Clients request for their Client Assets to be transferred elsewhere, this would result in several “partial property transfers” which is subject to certain restrictions in accordance with the Rules and Regulations and, therefore, additional levels of work and permissions would be required to affect the numerous transfers. This would create delays and increase the costs of the process.

Whilst a number of partial property transfers may be in the interests of the individual Clients requesting for their Client Assets to be transferred to their own preferred broker, it would not be in the best interests of all Clients as a whole. This remains the JSAs primary focus in accordance with Objective 1 of the Regulations.

Q.) Will there be any exit fees if I wish to transfer my assets away from the JSAs’ preferred broker on completion of the transfer?

Potentially. The terms upon which Client Assets will be transferred and then held by the new broker are a key part of the ongoing discussions with interested parties.

It is likely the Client Assets will transfer to the new broker on the same terms as previously held by the Company. You will need to refer to your own terms and conditions and, where necessary, seek professional advice to establish whether fees will apply.

We have asked for a penalty free window to be considered by each of the interested parties and included in the terms of any offer put forward. Whilst we have requested this (and confirmed that this would be looked upon favourably by the JSAs), we can give no certainty that this will be included as part of the final terms of any sale of business and / or transfer of Client Assets.

Please note, the penalty fees referenced above are not referring to banking costs or fees.

Q.) What is plan B if one wholesale transfer of all Client Assets cannot be completed?

There are positive signs that the JSAs will achieve their preferred strategy.

In the event Client Assets can not be transferred to a new regulated broker by way of one wholesale transfer, the JSAs would need to revert to a strategy which would include a number of partial property transfers or distribution direct to Clients. In this scenario, the process becomes more complex and will result in a delay and increased costs.

In this circumstance, the JSAs would liaise with and make recommendations to the Clients’ and Creditors’ Committee and the focus would remain on sourcing the quickest and cheapest solution.

Q.) Once the JSAs’ preferred broker is known, how will Client Assets be transferred?

As per the slides, the legal process for returning Client Assets is known as a Bar Date and Distribution Plan.

This involves the JSAs setting a deadline for Clients to submit claims to Client Assets (this is known as the ‘Bar Date’) and for the Client Assets then to be transferred according to a detailed plan prepared by the JSAs and their legal team which, in turn, needs to be approved by the Clients’ and Creditors’ Committee and the Court (this is known as a ‘Distribution Plan’).

Q.) What is the process for submitting a claim and do we have to do anything now?

The JSAs are in the process of building a new client portal which will enable Clients to log on with their own unique identifier to agree their claim to Client Assets. Please note, the claim form completed to date was solely for the purpose of voting at today’s meeting.

As part of building the client portal, we will liaise with the FSCS to see if this could also be used for Clients to claim for FSCS compensation. It is hoped this will speed up the compensation process and that no further paperwork would need to be submitted by the Clients to the FSCS.

The new client portal is a work in progress and not available now. We hope to have concluded testing and gone live by the end of January 2020.

Clients do not need to take any action at this time. Once the client portal is live, we will issue notice of the Bar Date to all known Clients and Creditors.

Q.) As part of the claims process, will we receive updated valuations?

No. We will not be circulating up to date valuations following the statement already provided for the purpose of this meeting.

As part of the Regulations, we require Clients to agree their claim to Client Assets as at the date of the Special Administration. Clients will be asked to agree their respective holdings as opposed to portfolio value. It is not practical to agree valuations as, given market forces, the value of Clients respective holdings will vary daily.

Fees, costs and the Financial Services Compensation Scheme

Q.) How will fees in respect of the different work streams be apportioned and how will they be approved?

The costs of returning Client Money and Custody Assets are recovered from the respective asset class (subject to compensation from the FSCS); we are obliged to record our time very carefully and the work done in respect of the different work streams are recorded on separate client codes within the Smith & Williamson time recording system.

In addition, the costs and fees in respect of achieving objective three of the Special Administration (being to wind up the investment bank in the best interests of the Company's creditors as a whole) will be recovered from House Assets and, therefore, time spent pursuing this objective is recorded on a third time code within the Smith & Williamson time recording system.

The basis of the Joint Special Administrators' remuneration and the recovery of other ancillary costs of the process will be reviewed and approved by the Client's and Creditors' Committee.

We have previously provided examples of how fees relating to the transfer of Client Assets have been recovered on historic Special Administrations. These examples were provided by the FSCS and confirmed:

- Client Money costs were recovered as a fixed percentage of the balance held; and
- Custody Asset transfer costs were recovered as a fixed flat fee, capped at the value of the transferred assets.

The JSAs would like to follow this same principal and the FSCS have agreed that this would be the best option. Notwithstanding this, any policy would need to be agreed by any subsequently appointed Clients' and Creditors' Committee and be ratified by the Court as part of the Distribution Plan in respect of the Custody Assets.

Q.) Am I eligible to claim from the FSCS?

The FSCS protects eligible consumers when an authorised firm that meets the criteria, such as the Company, fails. Such compensation is always subject to the £85,000 cap per Client.

Further detail in respect of eligibility is available from the FSCS website at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>

Typically, if you're a private individual you will be eligible, however, certain businesses and charities may also be eligible, depending on the type of claim.

Q.) Do I need to submit my claim to the FSCS now?

No. The JSAs are working closely with the FSCS to establish a process whereby Clients who are eligible for compensation in respect of any shortfall arising in respect of their Client Assets do not need to claim directly to the FSCS.

The JSAs hope to streamline the process for eligible Clients by providing the requisite information to the FSCS in order for compensation to be agreed prior to the sale of business and /or transfer of Client Assets. This will mitigate the need for each of the respective Clients to submit a claim to the FSCS (which would be time consuming to process) as well as ensuring the respective Client Assets can be transferred in whole (as opposed to being liquidated to cover the cost of the process).

Further detail will be provided once we have a better understanding of how this process will work.

Q.) Are there any Clients who you believe will be eligible for FSCS compensation who won't be compensated in full?

Based on the information presently available to us, we anticipate that no Clients who are eligible for compensation will have a claim that exceeds the £85k cap. This means all eligible Clients should not suffer a shortfall once their assets have been transferred.

Q.) Are corporate clients, such as SIPP providers, eligible for FSCS compensation?

This is something that we will need additional time and legal advice to determine.

The eligibility criteria are typically private individuals and small businesses, however, in certain circumstances it is possible to "look through" larger corporate clients and treat the underlying private individuals (of which there may be hundreds) as being the claimant. This is a decision for the FSCS.

Q.) There seems to be a difference to the work involved and the method of fee recovery between Client Money and Custody Assets. Are the respective Clients being treated equally?

Yes. Any time incurred in respect of each of these work streams are recorded on separate time codes. This means we can accurately apportion the correct amount of our time and costs to dealing with either Client Money or Custody Assets so that neither class of Client is unfairly prejudiced.

The basis of the fee recovery is consistent for each of the Clients in each respective asset class and will be subject to the approval of the Clients' and Creditors' Committee.

Notwithstanding this, it is anticipated the majority of Clients will be eligible for FSCS compensation and, therefore, eligible Clients should receive their holdings in full.

Committee

Q.) How will the members of the committee be decided?

The Chair referred to a pre-prepared slide and confirmed that he intended to call forward the 17 nominees received prior to the meeting when it broke for voting.

He hoped that the seventeen nominees (and any others received on the day) would be able to discuss their credentials and agree amongst themselves which five nominees were best suited to act and represent the interests of all stakeholders generally.

Once agreed, the five proposed committee members would each introduce themselves to the meeting with a view to their appointment being ratified by those present in person or by proxy.

The JSAs advised that a committee consisting of one Creditor (being the FSCS) and four Clients would, in their opinion, best serve the collective interests of all stakeholders given the circumstances of the case. It was recommended that the four Clients to sit on the committee would, ideally, represent the interests of:

1. A corporate retail Client (ineligible for FSCS compensation);
2. An individual retail Client (eligible for FSCS compensation);
3. An institutional intermediary or platform provider; and
4. A structured products investor (if not already represented).

Other matters

Q.) You mentioned funding of up to £5 million had been sourced by the JSAs. What is this secured on?

No security has been granted in respect of this loan. The loan facility has been made available to meet the costs of pursuing Objective 1 (being the return of Client Assets) and on the basis that such costs may be recovered from Client Assets in accordance with the Regulations.

In practice, the majority (if not all) of the loan will be repaid through the FSCS and, therefore, the Client Assets of eligible Clients will not be touched.

Q.) Are upcoming corporate actions able to be processed?

The JSAs are in the process of formulating a corporate action policy in conjunction with their legal advisors. It is hoped this policy will be put in place in early 2020 once the JSAs' Reconciliation is complete. It is anticipated that any requests for corporate actions to be undertaken and processed by the JSAs will incur an administration fee.

Q.) Is there a conflict of interest between Clients and Creditors in respect of the sales process? The highest offer would be the best deal for Creditors but, subject to the terms, not necessarily the best deal with Clients.

We consider there is no conflict of interest here. The JSAs are officers of the court and have obligations to both Clients and Creditors. Our role is to negotiate a deal that represents the interests of both parties.