

Reyker Securities plc - In Special Administration ("the Company")

Update for Clients and other stakeholders 6 March 2020

This is an update for Clients and other stakeholders affected by the Special Administration of the Company. It sets out updated details on the return of Client Money and Custody Assets belonging to the Clients of the Company.

The JSAs recognise that this can be an unsettling time for Clients involved in the Special Administration of the Company. With this in mind, this document is intended to provide a brief update on the progress of the Special Administration since the last global update dated 14 February 2020. The JSAs plan to provide Clients with further updates on a monthly basis.

The JSAs' Reconciliation

As previously reported, the JSAs' reconciliation concluded that the Company's records and Client statements were very good and any discrepancies identified were either for very modest sums (e.g. the stamp duty or tax deductions previously reported) or ensuring all Custody Assets are evidenced (e.g. obtaining up to date or original certificates for physical securities where necessary).

Since our last update, the JSAs have been working to resolve these small discrepancies and considerable progress has been made and it remains the position that there will be no material client shortfall due to pre-special administration record keeping.

The JSAs have prioritised resolving any discrepancies that may have impacted the Client Money and / or Custody Asset balances as at 8 October 2019 (being the date of the JSAs appointment and the relevant date for the Bar Date process) and are satisfied that such discrepancies have now been resolved and, where required, statements adjusted to reflect this. The JSAs have, therefore, been able to finalise Client data uploaded to the Client Claim Portal so that the Bar Date process may proceed as planned. Formal notice of the Bar Date has now been issued (see below).

Bar date

The Joint Special Administrators have now set a Bar Date of **17.00 hours on 7 April 2020**.

The Bar Date is the deadline for Clients to submit their claims in respect of Client Money and Custody Assets.

By way of summary:

- In the case of Client Money, all Client Money held by the Company on behalf of its Clients as at 8 October 2019, being the date of the JSAs' appointment, is deemed to fall within the Client Money Pool. Clients with Client Money balances need to agree and submit a claim for their share of the Client Money Pool.
- Clients with Custody Asset holdings as at 8 October 2019, being the date of the JSAs' appointment, need to agree and submit a claim in respect of the Client Assets held for them by the Company at this date.

For any Client who does not submit a claim via the Client Claims Portal (see below) by the Bar Date, the JSAs intend to effect the transfer of assets to the purchaser based on the Company's records in accordance with the Regulations, however, this means that any Client who does not submit a claim will lose the opportunity to dispute any of the holdings shown on their statement.

How to claim

The JSAs have developed a bespoke online portal to enable Clients to submit claims for Custody Assets and Client Money. This is critical to ensuring the claims process is as efficient and cost-effective as possible.

The Client Claim Portal ("the Portal") is now live.

Clients are asked to log-in to the Portal using their unique password (sent to Clients in the post) and complete the simple four-step process set out below to submit a claim to Client Assets held by the Company as at 8





October 2019:

1. review your Client details;
2. review your Client statement(s) which confirm your Client Assets held by the Company as at 8 October 2019 (please note, we are asking you to confirm the position of your holdings as at 8 October 2019 in accordance with the Regulations);
3. Finalise your submission by completing the Declaration;
4. Press 'confirm' to submit your claim.

The Portal will confirm your claim has been successfully submitted.

The Reyker dedicated webpage on S&W's website contains a user guide to the Portal and frequently asked questions to assist Clients with submitting a claim. These can be found at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>

If you have not received a letter confirming your unique password by 13 March 2020 or, alternatively, do not have internet access, please contact Client Services as a matter of urgency on 0800 048 9512 or, alternatively, by email at clientservices@reyker.com.

Update regarding the sale of the business and transfer of Client Assets

Our last global update confirmed that, following a thorough marketing process, the JSAs had accepted an offer for the Company's business and assets on 28 January 2020, subject to contract. The sale provides for a wholesale transfer of Client Assets to the proposed purchaser, thereby achieving the JSAs' preferred strategy set out in their proposals and the global update dated 14 February 2020.

The JSAs and the proposed purchaser have each engaged specialist solicitors who continue to negotiate the wider sale contract based on the agreed headline terms. The JSAs are also providing additional information to the proposed purchaser as part of the sale process.

Whilst a formal exchange of contracts has not yet taken place, the JSAs and their solicitors consider it in the interests of all Clients and other stakeholders to issue notice of the Bar Date in order that the negotiations and Client claims process can progress in parallel.

Anticipated timing of the transfer of Client Assets

As we have explained in our proposals, the JSAs will need to prepare a Distribution Plan to facilitate the return of Custody Assets. The Distribution Plan must be approved by the Clients' and Creditors' committee and the court before Custody Assets can be transferred to the proposed purchaser. We will be preparing the Distribution Plan following an exchange of contracts with the proposed purchaser and in parallel to the Bar Date claims process.

The Regulations and the Rules state that the transfer of Custody Assets **may not take place sooner than three months from the Bar Date**. This means any transfer of Client Assets **cannot** be implemented sooner than 7 July 2020.

The Regulations and the Rules provide for a very similar Bar Date process for Client Money and, although a Distribution Plan is not required for the return of Client Money, we are running a parallel process for the distribution and return of Client Money for reasons of efficiency and minimising costs.

Financial Services Compensation Scheme ("FSCS")

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 may receive a shortfall in the Client Assets to which they lay claim through the Portal following the deduction of their share of these costs.

We have been liaising closely with the FSCS in order to streamline the process by which eligible Clients may receive compensation in order to mitigate the need for an eligible Client to submit a claim direct to the FSCS themselves and, where possible, to ensure Client Assets are transferred to the proposed purchaser whole.





Accordingly, the FSCS has confirmed that it has exercised its power under [COMP 3.2.1A](#) of the FCA Handbook (<https://www.handbook.fca.org.uk/handbook/COMP/3/2.html>) and will treat all Clients with Client Assets with a total value of less than £85,000 as at 8 October 2019 as if they have claimed compensation. This means:

- Subject to the total value of your Client Assets being less than £85,000 as at 8 October 2019, you will automatically be treated as having submitted a claim for compensation from the FSCS and you do not need to take any further action in this regard. The JSAs are in the process of reviewing each Client's eligibility jointly with the FSCS;
- Clients who have Client Assets with a total value as at 8 October 2019 either equal to or greater than £85,000 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.

The Portal automatically determines which of the above categories you are deemed to fall into as part of the 'Declaration' and claim submission process and you will only see options that are relevant to you.

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/>

Any eligible Client with Client Assets with a total value equal to or greater than £85,000, who does not pursue FSCS compensation via the Portal may have to meet their share of the Objective 1 costs upon the transfer of the Client Assets to the purchaser and the JSAs may reserve sufficient Custody Assets or Client Money to cover those costs.

Where Clients are either deemed to have claimed or, alternatively, select to claim compensation from the FSCS and it is subsequently determined that they are not eligible in accordance with the FSCS' eligibility criteria, the JSAs will write to all such Clients to confirm the options available shortly.

Further information is available in the most recent FAQs document which is available at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>

The Clients' and Creditors' committee

Further updates in respect of the progress of the special administration will be provided to the Clients' and Creditors' committee at the upcoming meetings which have been scheduled for 9 March 2020 and 20 April 2020.

Next steps

Clients are required to take action by the Bar Date, being 17.00 hours on 7 April 2020.

If you are a Client, you must log on to the Portal using the unique password we have sent to you in the post and submit your claim to Client Assets held by the Company on your behalf as at 8 October 2019.

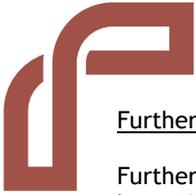
If you have not received a letter confirming your unique password by 13 March 2020, please contact Client Services as a matter of urgency on **0800 048 9512** or, alternatively, by email at clientservices@reyker.com

In parallel to the claims process, the JSAs will be:

- Working with the solicitors of the proposed purchaser to agree all terms pertaining to the sale of the business and transfer of Client Assets and an exchange of contracts;
- Liaising with Clients who dispute their statement(s) in order to agree those claims;
- Writing to all Clients who are either deemed to have or elected to claim compensation from the FSCS and who are subsequently determined to not be eligible with regard to the options available for covering their share of the costs of the special administration; and
- Meeting with the Clients' and Creditors' committee on a monthly basis.

Once an exchange of contracts has taken place, the JSAs will be preparing the Distribution Plan in conjunction with their solicitors and seeking the requisite approvals from the Clients' and Creditors' committee and the court.





Further information

Further information and frequently asked questions can be found on our website, or by clicking this link <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>

Should you have any queries, please contact the Reyker Client Services team as follows:

- Telephone: 0800 048 9512
- Email: clientservices@reyker.com

Glossary

Capitalised terms within this document are defined as follows:

Term	Definition
Bar Date	The deadline for Clients to submit their claims in respect of Client Money and Custody Assets
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 as at 8 October 2019
Company	Reyker Securities PLC - in Special Administration
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients as at 8 October 2019
Distribution Plan	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody Assets
JSAs	The joint special administrators
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
SDRT	Stamp Duty Reserve Tax
S&W	Smith & Williamson LLP
Special Administration	The special administration of the Company

