

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

Update for Clients and other stakeholders 8 April 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. This document is, therefore, intended to provide a brief update on the progress of the Special Administration since the last global update dated 6 March 2020. The JSAs plan to provide Clients with further updates on a monthly basis.

COVID-19 response

The JSAs would like to reassure Clients that the present pandemic has not impacted upon the ability of the JSAs, their staff and Reyker employees and contractors to perform their duties and responsibilities in the best interests of the Company's Clients, Creditors and other stakeholders notwithstanding this happening at the busiest time for dealing with client queries. Custody Assets and Client Money remain safeguarded by the JSAs and we are continuing to work to return these to Clients as quickly as possible.

Following the latest UK Government advice regarding COVID-19 and in the interests of the health and wellbeing of both S&W and Reyker employees and contractors, their families and the wider community, the JSAs have temporarily initiated a business continuity plan to enable the aforementioned to work from home.

Whilst S&W already had provisions in place for its own Reyker case staff to work effectively from home, additional resource and time was expended in the two weeks preceding the UK Government's enforced 'lock down' to ensure that Reyker's own operations, such as Client Services, could continue to work effectively from home. This process has been managed successfully during a period of peak client interactions.

All incoming post continues to be received and processed by the post room at S&W which is presently operating with a skeleton staff. There may, therefore, be a longer than usual response time to such correspondence and, therefore, Clients and their representatives are strongly encouraged to direct any queries to Client Services by email or telephone where possible:

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

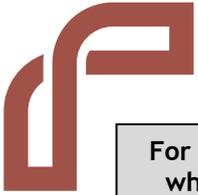
Client claims

The Bar Date for Client claims was 17.00 hours on 7 April 2020 which has now passed. As at the deadline, 70% of Client claims had been agreed and submitted.

The JSAs are mindful and sympathetic to recent global events and, accordingly, will continue to keep the online Portal open and allow Clients to submit their claim for a further limited period of time. Any Clients that have not yet submitted a claim are strongly encouraged to do so as soon as possible but in any event on or before 24 April 2020 by logging into the Portal and submitting their claims there.

Instructions on how to access the Portal were circulated in our letter to all known Clients dated 6 March 2020 and a comprehensive user guide can be found [here](#).





For any Client who does not submit a claim, in accordance with the Regulations and Rules, when making distributions and/or transferring your Client Assets to a purchaser and / or regulated broker, the JSAs will rely on the records of the Company and you will not be able to dispute this. You are, therefore, strongly encouraged to review your holdings and submit your claim at the earliest opportunity.

Sale of business and transfer of Client Assets

As set out in the JSAs' proposals, our preferred strategy is to effect a wholesale transfer of Client Assets to a single purchaser of the Company's business and assets as this would be the most cost-effective and fastest way for Clients to regain access to their holdings.

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) and, since that date, the respective parties and their legal advisors have been working towards an exchange of contracts. Unfortunately, on 1 April 2020, the proposed purchaser communicated that it wished to withdraw its offer.

Whilst undertaking contract negotiations, the JSAs have, in parallel and in accordance with the terms of the acceptance of the proposed purchaser's offer, been able to continue to market the business for sale and maintain a dialogue with the underbidders although a sale contract has not yet been issued to any of these underbidders. The JSAs continue to work closely with all interested parties and these discussions are ongoing.

The JSAs still firmly believe that a wholesale transfer to a single purchaser and / or regulated broker, if possible, represents the best outcome for Clients but, following the proposed purchaser's withdrawal, are also continuing discussions with parties that have indicated that, although they would not consider a wholesale transfer, could accept large volumes of Client holdings and therefore simplify and streamline any (non-wholesale) transfer of Client Assets. The JSAs continue to work closely with all such interested parties.

Anticipated timing of the transfer of Client Assets

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 Custody Assets **cannot** be implemented sooner than 7 July 2020.

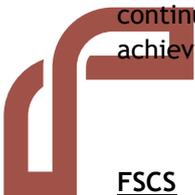
It was hoped that a sale of the Company's business and assets could be completed either on or around 7 July 2020 in order to facilitate a transfer of Client Assets shortly thereafter with Client Money transferring in parallel.

Due to the proposed purchaser withdrawing their offer only in the last week, there is a risk that the target of a sale and a wholesale transfer completing by early July 2020 may not be met. The JSAs and their staff continue to work tirelessly to secure a sale in the best interest of the Company's Clients, Creditors and other stakeholders and prioritise the return of Client Assets at the earliest date possible.

In parallel to negotiations with other interested parties, the JSAs are contingency planning for the circumstance where a wholesale transfer to a single purchaser is not possible. This is likely to involve a transfer of Client Assets to a number of regulated brokers and, given the additional requisite Client consents and present economic climate, is likely to prove challenging and add significant delay and cost to the process. The JSAs are hopeful this scenario may still be avoided.

In any event, 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. Following the passing of the Bar Date, we are





continuing to prepare the Distribution Plan which will cover all eventualities with a view to achieving a timely transfer of Client Assets whatever strategy the JSAs decide to employ.

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 following the deduction of their share of these costs.

Our recent communications advised that the FSCS had exercised its power under [COMP 3.2.1A](#) of the FCA Handbook 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:

- All Clients with Client Assets totalling less than £85,000 as at 8 October 2019 have automatically been treated as having submitted a claim for compensation from the FSCS and they do not need to take any further action in this regard;
- Clients who have Client Assets with a value equal to or greater than £85,000 as at 8 October 2019 will not be treated as having automatically claimed compensation from the FSCS and, therefore, were required to indicate through the Portal as to whether they wish to submit a claim for FSCS compensation or not.

We have continued to work closely with the FSCS in order to streamline the process by which eligible Clients may receive compensation and would note:

- Clients with Client Assets with a value equal to or greater than £85,000 as of 8 October 2019 and who have not yet submitted a claim to either Client Assets or for FSCS compensation should access the Portal and submit their declaration at the earliest opportunity. Although the Bar Date has passed, we are continuing to allow Clients to submit their claim for a further limited period of time; and
- The JSAs have recently written to the Company's non-individual, corporate Clients who may not be eligible for FSCS compensation requesting that they complete and return an eligibility assessment form in order that the FSCS can make a final determination in this regard. Clients that have been asked to complete the form, should return it:
 - **By email:** reyker.securities@smithandwilliamson.com
 - **By post:** Reyker Securities plc (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY

Where possible, please return all forms by email in order to assist timely processing.

The Clients' and Creditors' committee

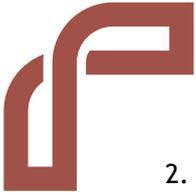
The last meeting of the Clients' and Creditors' committee was held on 9 March 2020 and the committee is scheduled to meet again on 20 April 2020.

Next steps

In summary of the above:

1. Clients that have not yet submitted a claim to Client Assets are strongly encouraged to do so. Although the Bar Date has now passed, the JSAs will continue to keep, at their discretion, the online Portal open for a further limited period of time.





2. Corporate Clients that may not be eligible for FSCS compensation should complete the FSCS eligibility assessment form recently issued and return it to reyker.securities@smithandwilliamson.com.
3. The JSAs will continue to negotiate with interested parties in order to effect a wholesale transfer of Client Assets to a single purchaser where possible and, in parallel, continue to contingency plan for a scenario where this is not possible; and
4. The JSAs will, in collaboration with the legal advisors, continue to draft a Distribution Plan which will cover all eventualities with a view to achieving a transfer of Custody Assets (alongside Client Monies) at the earliest date possible, noting that no transfer of Custody Assets could take place before 7 July 2020.

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/>

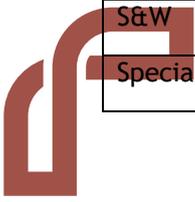
Should you have any queries, please contact Client Services by email at clientservices@reyker.com or, alternatively, by calling 0800 048 9512.

Glossary

Capitalised terms within this document are defined as follows:

Term	Definition
Bar Date	The deadline of 17:00 on 7 April 2020 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	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
Portal	The online Client Claim Portal, available at www.reykerportal.com
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





S&W	Smith & Williamson LLP
Special Administration	The special administration of the Company

