



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

Update for Clients and other stakeholders 6 May 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.

This document is intended to provide a brief update on the progress of the Special Administration since the last global update dated 8 April 2020. The JSAs plan to provide Clients with further updates on a regular basis.

The JSAs' six-month progress report

The JSAs' progress report for the first months of the Special Administration, being from 8 October 2019 to 7 April 2020, is now available to view at our Reyker dedicated webpage: <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>.

Clients who have not yet submitted claims

The Bar Date for Client claims in respect of Client Assets was 17.00 hours on 7 April 2020.

Thank you to all Clients who have submitted their claims to date.

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 time period. Any Clients that have not yet submitted a claim are strongly encouraged to do so as soon as possible.

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. Clients that have not already done so are, therefore, strongly encouraged to review your holdings and submit your claim at the earliest opportunity.

We have previously reported that Clients with Client Assets with a total 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. Clients that fall into this category 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.

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](#).

Sale of business and transfer of Client Assets

As set out in the JSAs' proposals, our preferred strategy is to affect 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.

Our last update explained that, whilst an offer for the acquisition of the Company's business and assets was accepted by the JSAs on 28 January 2020 and both parties' solicitors had been working towards an exchange of contracts and subsequent completion during Summer 2020, the proposed purchaser, regrettably, advised on 1 April 2020 that it wished to withdraw its offer and would not be progressing its interest in the acquisition.





At the date of this report, whilst discussions are ongoing in respect of a sale of the Company's business and assets and a wholesale transfer of Client Assets, the JSAs consider it more likely that Client Assets will be transferred or distributed by way of a series of partial transfers rather than a wholesale transfer to a single purchaser and / or regulated broker. Therefore, the JSAs' primary strategy is now focussed on a series of partial transfers of Client Assets to as few regulated brokers as possible (on account of complexity, cost and timescales).

Positive discussions have been held with a number of targeted brokers in this regard and due diligence is presently ongoing in order to ascertain the most expedient, efficient and cost-effective way of splitting the Client book in accordance with the Regulations.

The process of undertaking a series of partial transfers of Client Assets (as opposed to a wholesale transfer to a single purchaser) is more complex for numerous reasons and, depending on the approach adopted for the distribution of the CMP, will include the need for additional Client communications. This will therefore add additional time and expense to the transfer of Client Assets.

Anticipated timing of the transfer of Client Assets

Given the recent developments and the present uncertainty as to whether a sale of the Company's business and a wholesale transfer of Client Assets to a single purchaser is achievable, the JSAs are presently unable to provide a realistic estimate on the timing of a transfer of Client Assets.

The JSAs remind Clients that the Regulations and the Rules state that the transfer of Custody Assets may not take place sooner than three months from the respective Bar Date and a Distribution Plan is required which is dependent on court time and court availability.

This means that, in any event, the transfer of Custody Assets could not be implemented sooner than 7 July 2020, however, given recent developments have resulted in the need for additional negotiations with interested parties and regulated brokers with regard to either a wholesale or partial transfer and the court's fast approaching Summer recess (where the courts do not hear applications, other than urgent applications, from 1 August 2020 to 31 September 2020), it is presently uncertain whether a Distribution Plan can be considered by the court before October 2020. Notwithstanding this, the JSAs and their legal advisors will continue to work tirelessly with all interested parties, regulated brokers and the Creditors' Committee with a view to finalising a Distribution Plan for presentation to the court at the earliest available date.

COVID-19 response

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 initiated a temporary business continuity plan to enable the aforementioned to work from home. This remote working arrangement remains in place.

As per our previous update, 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

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.





We have worked 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 any purchaser or preferred broker(s) whole.

Further detail in respect of the approach taken is available in the JSAs' previous global updates and the six-month progress report dated 6 May 2020 (referenced above). Please 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. Clients are able to submit their claim for a further limited period of time; and
- The JSAs wrote to the Company's non-individual, corporate Clients who may not be eligible for FSCS compensation on 30 March 2020 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 not yet done so, should complete and return the form:
 - **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.

Next steps

In summary of the above:

- 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.
- Corporate Clients that may not be eligible for FSCS compensation should complete the FSCS eligibility assessment form issued on 30 March 2020 and return it to reyker.securities@smithandwilliamson.com.

The JSAs and their legal advisors will:

- Continue to negotiate with interested parties in order to affect either a wholesale transfer of Client Assets to a single purchaser where possible or, more likely, a series of partial transfers to a small number of regulated brokers with the requisite regulatory permissions and expertise;
- Continue to draft a Distribution Plan with a view to achieving a transfer or distribution of Custody Assets (alongside Client Money) at the earliest date possible, albeit no transfer or distribution of Custody Assets could take place before 7 July 2020 in accordance with the Regulations; and
- Continue to liaise, where necessary, with Clients and the FSCS to ensure that, insofar as possible, all Clients that would be eligible for FSCS compensation have taken the necessary steps to receive such compensation in advance of any transfer of Client Assets and consult with any Clients that may not be eligible in order to determine their preference as to how their share of the costs of the Special Administration should be paid.





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

