

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

### Update for Clients and other stakeholders 13 August 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 10 July 2020. The JSAs plan to provide Clients with further updates on a regular basis.

#### IMPORTANT - NOTICE FOR CLIENT'S WITH CUSTODY ASSETS

In order to return Custody Assets, the JSAs have to prepare and submit a Distribution Plan for approval by the Creditors' Committee and the Court.

The JSAs are pleased to report the terms of the Distribution Plan were approved by the Creditors' Committee on 31 July 2020 and the Distribution Plan was submitted to Court on 6 August 2020. The Distribution Plan has been listed to be heard by the Court on **16 October 2020**.

The Distribution Plan, its Annex and an Explanatory Statement (which is a summary of the Distribution Plan) has been published on the website <https://smithandwilliamson.com/reyker-securities-plc/> ("the Website") for Clients' information. Hard copies are available on request.

**No action is required by Clients prior to the Court hearing in respect of their Custody Assets, however, Clients are recommended to read the Explanatory Statement to assist their understanding of the transfer process. Please see below for an update on Client Money.**

Given the ongoing COVID-19 situation, the Court hearing scheduled for 16 October 2020 is currently expected to be held by videoconference. Clients are not required to attend the Court hearing, however, further details about the timing of the hearing and how/where it will be held, will be made available on the Website (but this will only appear on the Website on 15 October 2020 when details are released by the Court).

If the Distribution Plan is approved, Clients will receive confirmation of this by post and be issued with a Client Assets Return Statement (via the Portal), which will detail all Custody Assets to be returned (including Corporate Action Assets received following the JSAs' appointment and not already dealt with).

A letter has been sent to all Clients that have Custody Assets, dated 13 August 2020, confirming the above. If you have not received this letter by 20 August 2020, please contact us.

#### The JSAs' current strategy

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

Following the withdrawal, in early April, of the proposed purchaser's offer the JSAs have concluded that a series of partial transfers of Custody Assets under Regulations 10B and 10C and a separate distribution of Client Money in accordance with the FCA's Client Money Distribution and Transfer Rules (as set out in CASS 7A), now represents Clients' best interests.





## Transfer of Custody Assets

The transfer of Custody Assets is a court-led process and requires approval by the Court of the Distribution Plan, a detailed legal document with accompanying asset schedules and evidence collated by the JSAs, which details how the Custody Assets will be returned to Client ensuring Clients' rights are protected.

As reported above, the terms of the Distribution Plan were approved by the Creditors' Committee on 31 July 2020 and the Distribution Plan was submitted to Court on 6 August 2020. The Distribution Plan has been listed to be heard by the Court on 16 October 2020.

The following documents are now available to view and download from the Website:

- Explanatory Statement
- Distribution Plan
- Annex to the Distribution Plan
- Frequently Asked Questions - Distribution Plan
- Flowchart: What do I need to do?

You may request a hard copy of any of the documents listed above, which will be provided at no cost, as follows:

**Telephone:** 0800 048 9512  
**Email:** [clientservices@reyker.com](mailto:clientservices@reyker.com)  
**Post:** Reyker Securities plc (in special administration), 25 Moorgate, London, EC2R 6AY.

No action is required by Clients prior to the Court hearing in respect of their Custody Assets, however, Clients are recommended to read the Explanatory Statement (published on this website) to assist their understanding of the transfer process.

Subject to the Court's approval, the return of Custody Assets will be undertaken by way of a series of partial transfers to a number of regulated brokers under regulations 10B and 10C of the Regulations (as opposed to a wholesale transfer to a single purchaser).

The number of transfers to be undertaken has been kept to a maximum of five brokers in the interests of Clients and on account of complexity, cost and, particularly, timescales.

The Distribution Plan:

- Deals with the return of Custody Assets (being electronic and paper-based stocks and securities) and Corporate Action Assets (being dividends, interests, redemptions, etc. received in respect of Custody Assets following 8 October 2019); and
- Does not apply to Client Money held within the Client Money Pool (which crystallised on 8 October 2019 and is being returned by way of a separate distribution of Client Money).

For practical and commercial reasons, the identity of the Nominated Brokers cannot be shared at this time.

If the Distribution Plan is approved, Clients will receive confirmation of this by post and be issued with a Client Assets Return Statement (via the Portal), which will detail all Custody Assets to be returned (including Corporate Action Assets received following the JSAs' appointment and not already dealt with) and the identity of the Nominated broker to which each Client's respective Client Assets will be transferred.





## **Distribution of Client Money held as at 8 October 2019**

The return of Client Money from the Client Money Pool (i.e. cash held as at 8 October 2019) does not form part of the Distribution Plan and the JSAs are seeking to return this cash to Clients by way of a Client Money distribution in accordance with the FCA's Client Money Distribution and Transfer Rules (as set out in CASS 7A). This is achieved by engaging with Clients and requesting confirmation as to where they wish their Client Money to be sent.

The JSAs issued a letter to all Clients with a Client Money balance as at 8 October 2019 (dated 10 July 2020) confirming a first interim distribution of Client Money will be paid during August 2020 to all Clients who hold a Client Money balance with the Company and who submitted a Client Money Instruction Form by 17.00 hours (GMT) on 7 August 2020.

### **The deadline to participate in the first interim distribution of Client Money has now passed.**

The JSAs are currently processing the instructions received from more than 4,300 Clients and Investment Managers (on behalf of more than 3,200 Clients) and they are working towards paying all distributions to participating Clients by the end of August 2020 (insofar as possible).

### **Please do not contact Client Services to confirm a payment date in respect of your own interim Client Money distribution as they will not be able to provide this information.**

Further detail in respect of the Client Money distribution process, how to access the Portal and the options available for Clients regarding the distribution of their Client Money held as at 8 October 2019 is available in our letter dated 10 July 2020 and in the 'Client Money Distribution' document library on the Website.

If you have not yet submitted a Client Money Instruction Form, this can still be done at any time through the Portal. However, where a Client submits a Client Money Instruction Form after the deadline of 7 August 2020, that Client will not be able to participate in the **first** interim distribution of Client Money and their share of Client Money will be safeguarded under the JSAs' control until such time that either a second interim or a final distribution is declared. Before submitting a Client Money Instruction Form, Clients should familiarise themselves with the terms and conditions of the distribution of the Client Money Pool.

Neither Reyker nor the JSAs can give Clients any advice whatsoever in respect of their investments and / or the distribution of Client Money and nothing within this document, the Portal, or any other associated literature issued by the JSAs should be treated as such. If you are uncertain as to the best option(s) for you and your investments and the financial consequences, please seek independent professional advice.

### **Fraudulent communication**

Further to recent updates, Clients are reminded to remain vigilant to fraudulent communication at all times. Should Clients have any concerns in respect of any communications received, please contact Client Services on 0800 048 9512.

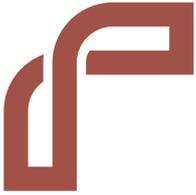
### **Financial Services Compensation Scheme**

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

Clients are reminded that:

- Clients with Client Assets with a total value of less than £85,000 (as valued at 8 October 2019) are automatically treated by the FSCS as if they have submitted a claim for compensation to





the FSCS on account of it exercising its power under COMP 3.2.1A of the FCA Handbook. This decision was made by the FSCS with a view to streamlining the process by which eligible Clients may receive compensation and, where possible, ensuring Client Assets are transferred whole; and

- Clients with Client Assets with a total value of equal to or greater than £85,000 (as valued at 8 October 2019) 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 (if not already done so).
- 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](mailto:reyker.securities@smithandwilliamson.com)
  - **By post:** Reyker Securities plc (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY

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/>

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 with regard to meeting their share of the costs.

### Next steps

In summary of the above:

- Client's with Custody Assets (which includes Corporate Action Assets, e.g. income received following 8 October 2019):
  - Should read the Explanatory Statement and Flowchart published on the Website in order to gain an understanding of the transfer process. No further action is required at this time in respect of the return of Custody Assets.
  - If the Distribution Plan is approved, Clients will receive confirmation of this by post and be issued with a Client Assets Return Statement (via the Portal), which will detail all Custody Assets to be returned (including Corporate Action Assets received following the JSAs' appointment) and the identity of the Nominated Broker to which each Client's respective Client Assets will be transferred.
- Client's with Client Money:
  - If you have submitted your claim to Client Assets and your Client Money Instruction Form before 7 August 2020, you will receive a first interim distribution of Client Money during August 2020. **Please do not contact Client Services for confirmation of a payment date as they do not have this information.**
  - If you have not yet submitted a claim to Client Assets or submitted a Client Money Instruction Form, you still need to do this in order for your Client Money to be distributed in accordance with your instructions. Please log on to the Portal ([www.reykerportal.com](http://www.reykerportal.com)) to do this at your earliest convenience and to ensure that you may participate in future distributions of Client Money.





• Corporate Clients that wish to claim for FSCS compensation:

- Should ensure they have reviewed and, where applicable, completed the FSCS eligibility assessment form issued on 30 March 2020 and return it to [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com).

#### **Further information**

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

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





## Glossary

Capitalised terms within this document are defined as follows:

<b>Term</b>	<b>Definition</b>
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
Creditors' Committee	The Creditors' Committee of Clients and Creditors established in order to take certain decisions on behalf of the Clients and Creditors as a whole.
Company / Reyker	Reyker Securities PLC - in Special Administration
Corporate Action Assets	Client Money or securities received on behalf of Clients following 8 October 2019
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
Investment Manager	An organisation that manages investments in funds and other portfolios of Client Custody Assets on behalf of Clients under the terms of an investment management agreement
JSAs	The joint special administrators
Nominated Broker	One of the designated brokers who will receive a transfer of Client Assets following the approval of the Distribution Plan
Portal	The online Client Claim Portal, available at <a href="http://www.reykerportal.com">www.reykerportal.com</a>
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

