



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

FAQs - Transfer of Custody Assets

November 2020

This document has been prepared by the joint special administrators ("JSAs") of Reyker.

These FAQs contain important information for Clients relating to the Transfer of Custody Assets following the approval of the Distribution Plan by the Court on 16 October 2020 and should be read in conjunction with our previously provided FAQs, Client correspondence and reports.

Further information relating to your Client Asset Return Statement will be provided in due course.

Capitalised terms used herein are as defined in other documents previously circulated by the JSAs. A full glossary of key terms regarding the Special Administration can be found at <https://smithandwilliamson.com/reyker-securities-plc/>

This guidance does not relate to the distribution of Client Money (held as at 8 October 2019). Further information in respect of this process is available at <https://smithandwilliamson.com/reyker-securities-plc/>

This note does not constitute legal, tax, financial or other professional advice. Clients may wish to consider seeking independent professional advice before taking any action in connection with their Client Money and Custody Assets.

Transfer of Custody Assets

Q. Was the Distribution Plan approved?

Yes. The Distribution Plan was approved by the Court on 16 October 2020.

Q. What does this mean?

The JSAs will shortly commence the transfer of Custody Assets and Corporate Action Assets to the Nominated Brokers ("the Transfer").

Custody Assets are any securities (including stock, shares, bonds and other investments) held by Reyker on your behalf as at 8 October 2019 and Corporate Action Assets include any cash or securities received thereafter as a result of or from your Custody Assets.

The JSAs will:

- First write to you to confirm who your Nominated Broker is under the terms of the Distribution Plan. This will be your future custodian. This letter is expected to be issued by w/c 9 November 2020. A small number of Clients may have Custody Assets which are not able to transfer at this present time as it has not been possible to identify a Nominated Broker that will receive them. You will be notified of this in writing if this is applicable to you.
- Work closely with the Nominated Brokers and subsequently write to you when your Custody Assets and Corporate Action Assets are ready to be transferred. This second communication will set out how to access your Client Asset Return Statement via the Portal and any other information relevant to the Transfer.





A small number of Clients may have Custody Assets transferring to more than one Nominated Broker. In this instance, Clients may receive more than one letter from the JSAs regarding next steps and, subsequently, more than one Client Asset Return Statement.

Please note, due to the number of Nominated Brokers, asset classes and stock lines, ranging across electronic and paper-based Custody Assets, the transfer of Custody Assets will be staggered over time as the JSAs, Client Services and Safe Custody teams work through this complex process with each of the Nominated Brokers.

For more information on the Client Asset Return Statement, see "*When will I receive my Client Asset Return Statement?*" and "*What will the Client Asset Return Statement include?*" below.

Q. Who are the Nominated Brokers?

The Nominated Brokers are as follows:

- James Brearley & Sons Limited ("James Brearley")
- Logic Investments Limited ("Logic")
- Pershing Securities Limited ("Pershing")
- Kin Capital Partners LLP ("Kin Capital")
- Thompson Taraz Depository Limited ("Thompson Taraz")

Confirmation as to which of the above Nominated Broker(s) your Custody Assets and Corporate Action Assets will transfer to will be provided to you in writing by the JSAs and will also appear on your Client Asset Return Statement(s) when available on the Portal.

Q. What action do I need to take?

If you have not already done so, you should log onto the Portal and submit your claim to your Client Assets. Access to the Portal can be found at www.reykerportal.com. In order to do this, you will need your unique Client ID and password provided in the JSAs' letter dated 6 March 2020. Further guidance on how to submit a claim is also provided at www.smithandwilliamson.com/reyker-securities-plc/. If you need this information provided again then please contact Client Services on 0800 048 9512 or clientservices@reyker.com.

You are encouraged to read the Explanatory Statement and Flowchart (prepared specifically for Clients and published on <https://smithandwilliamson.com/reyker-securities-plc/>) to assist your understanding of the transfer process in addition to these FAQs.

Once you have received written confirmation from the JSAs that your Client Asset Return Statement is available on the Portal, you should log on and review your Client Asset Return Statement(s) which will confirm which Custody Assets are being transferred and to which Nominated Broker. **For the majority of Clients, if you are satisfied with the proposed Transfer no further action is required and your Custody Assets (including Corporate Actions Assets) will automatically transfer under the terms of the Distribution Plan once the respective Nominated Broker is ready to receive them.**

A small number of Clients will need to take further action in advance of the Transfer if:

- they owe the Company any pre-administration liabilities or are required to pay for their share of the costs of returning Custody Assets because they are not eligible for FSCS compensation; and / or
- they wish to opt out of the Transfer and wish to nominate their own choice of broker to which their Custody Assets should be distributed.





The small number of Clients who are required to provide instructions and pay for specified costs or liabilities in advance of the Transfer will be notified by the JSAs and provided with a Payment Options Form and further instructions.

Clients who wish to opt out of the Transfer will be able to do so via the Portal once the relevant Client Asset Return Statement has been uploaded. Clients must notify the JSAs at least 5 business days before the proposed date of transfer to a Nominated Broker in order for their opt out to be effective.

Clients that request to opt-out of a Transfer, will be dealt with after the five bulk transfers to the Nominated Brokers have been materially progressed as the JSAs are focussing on helping as many Clients as possible as early as possible through the successful completion of the Transfers. Clients who opt-out will therefore experience a delay in the return of their Custody Assets.

Q. When will I receive my Client Asset Return Statement?

You will receive a letter from the JSAs once your Nominated Broker is ready to accept a transfer of your Custody Assets and / or Corporate Action Assets and your Client Asset Return Statement will then be available on the Portal.

Although Custody Assets will be transferred to the Nominated Brokers at different times, all Clients transferring to one of the five Nominated Brokers should receive their letter from the JSAs before the end of 2020.

Following receipt of the JSAs' letter, should you not have access to the internet or experience difficulties accessing the Portal, a paper version of the Client Asset Return Statement will be provided on request (by contacting Client Services on the details provided below).

Q. What will the Client Asset Return Statement include?

The Portal and / or the Client Asset Return Statement will include (but not limited to) the following information:

- The identity of the Nominated Broker(s) to whom your Custody Assets and / or Corporate Action Assets will transfer;
- A list of your Custody Assets and / or Corporate Action Assets subject to the transfer;
- A list of any Corporate Actions income (including, for example, dividends received on shares) received to your account(s) following 8 October 2019 and subject to the transfer;
- Your Claimant's Share of Costs up to a maximum of £2,500, calculated in accordance with the Distribution Plan;
- Confirmation of the classification of your FSCS eligibility for compensation status. Ineligible Clients, or those that still have compensation claims pending, must pay their Share of the Costs before Custody Assets will be transferred or must wait for the FSCS to confirm their eligibility to compensation.

If you held Client Money as at 8 October 2019 and elected on the Client Money Instruction Form for the funds to be held until the approval of the Distribution Plan, you will also have the option to instruct the JSAs to distribute your Client Money to the Nominated Broker(s) identified on the Client Asset Return Statement. This is a necessary step following the





identification of your Nominated Broker and monies will not be paid without this instruction being given.

If you are required to settle your Share of Costs (where not eligible for FSCS compensation) or other amount owing to Reyker for services provided before the special administration (known as a Pre-Administration Outstanding Amount) prior to the Transfer, a Payment Options Form will also be made available via the Portal or, on request, in writing. This will only be made available to a very small number of Clients where these issues arise.

Q. When will my Custody Assets be transferred?

The JSAs must provide at least 15 business days' notice prior to the proposed Transfer of Custody Assets and Corporate Action Assets to any Nominated Broker. Such notice will include:

a) A Client Asset Return Statement confirming:

- the Custody Assets to be transferred
- the identity of the relevant Nominated Broker(s)
- that subject to satisfaction of the Transfer Conditions, such Transfer Custody Assets will form part of the proposed Transfer; and
- the date the proposed Transfer is intended to take effect.

b) Where applicable, a Payments Option Form:

Based on present information, the JSAs estimate:

- The transfer of electronically held Client Assets are expected to start in January 2021; and
- The transfer of physically held Client Assets, are expected to start in January 2021.

Q. When will I be able to access my assets following the Transfer to the Nominated Broker(s)?

For Clients transferring to Kin Capital, Thompson Taraz and Pershing, accounts have been opened by your Investment Manager on your behalf, providing up to date information as necessary, and you should, in most cases, be able to access your assets as soon as they have successfully transferred, subject to all take-on procedures having been fully completed by the relevant Nominated Broker(s).

For Clients transferring to Logic, where you or your Investment Manager have opened new accounts, providing up to date information as necessary, you should be able to access your assets as soon as they have successfully transferred subject to all take-on procedures having been fully completed by the relevant Nominated Broker(s).

For most Clients transferring to James Brearley, accounts have been opened for you using the client information held by Reyker and you should be able to access your assets (transferring your portfolio to another broker) as soon as they have successfully transferred.

In a limited number of cases, James Brearley may require additional documentation from a Client before they are able to access their assets. The JSAs are working closely with James





Brearley to ensure all take-on and account opening procedures are completed in advance of the Transfers insofar as possible.

Clients transferring to James Brearley that want to start trading, apart from those being deemed to have been introduced by an Intermediary, will also have to complete an AML Due Diligence form and a FATCA declaration statement. These will be available to Clients, directly from James Brearley prior to the Transfer.

As stated above, the Transfers will take place as part of a phased approach and therefore your Custody Assets may transfer to one or more of the Nominated Brokers at different times but as close to the proposed transfer date (which will be stated on your Client Asset Return Statement) as practically possible. Please note, physically held Custody Assets will take more time to transfer than electronically held Custody Assets.

Q. What if I do not want my Custody Assets to transfer under the Distribution Plan?

Clients may opt-out of the Transfer to the Nominated Broker(s) and instead direct the JSAs to distribute their Custody Assets and Corporate Action Assets to a different broker of their choosing.

Clients who wish to opt out of the Transfer will be able to do so via the Portal once the relevant Client Asset Return Statement has been uploaded. Clients must notify the JSAs at least 5 business days before the proposed date of transfer (as per the Client Asset Return Statement) to a Nominated Broker.

Please note, Clients who opt-out of the Transfer will experience a delay in the distribution of their Custody Assets as the JSAs are, for the reasons stated above, prioritising the bulk Transfers to each of the Nominated Brokers in the first instance.

The JSAs anticipate that being included in a Transfer will mean that the relevant Custody Assets are released at the earliest possible opportunity, and this may therefore be the fastest way for affected Clients to begin dealing with their Client Assets as each Nominated Broker will be under an obligation to ensure that a Client can exercise their rights in relation to their Client Assets as soon as reasonably practicable after the Custody Assets have been transferred.

Alternatively, if your Custody Assets are transferred to a Nominated Broker, you will be able to request, by contacting the Reyker Client Services team after the Transfer to the Nominated Broker, that your Custody Assets be transferred back to Reyker. The JSAs do not, however, expect any Clients will want to exercise this option (which is specifically preserved by the Regulations) as this would return your Custody Assets back into the special administration and create a further and significant delay in the return of your Custody Assets.

Q. What if my Custody Assets are not eligible to transfer to one of the Nominated Brokers?

Any Clients who hold Custody Assets that are not eligible to Transfer to one of the Nominated Brokers will be contacted with further information separately by the JSAs. This letter is expected to be issued by w/c 9 November 2020.

Tax

Q. What is my position re tax wrappers?

The Company is an approved ISA manager and therefore the Distribution Plan was drafted to take account of tax wrappers, such as SIPPs and ISAs, and we do not anticipate that the tax status of such investments will be changed.





If you hold an ISA then please refer to the ‘*Notice of intention to bulk transfer Individual Savings Accounts (ISAs)*’ available on <https://smithandwilliamson.com/reyker-securities-plc/which-contains-important-regulatory-information-about-the-Transfers>.

The Distribution Plan provides, in a very limited number of cases, for the JSAs to liquidate Custody Assets to either:

- Settle amounts owed to the Company prior to administration; or
- Settle a Client’s Share of Costs.

In any circumstances where the JSAs liquidate Custody Assets, any Capital Gains Tax or Income Tax liabilities arising as a result of the liquidation of Custody Assets will be a liability of the Client and not the Company or the JSAs or their firm.

Clients who are uncertain about the impact on them and the best option available to them should seek advice from their own professional advisors in connection with the tax implications of the Distribution Plan before taking any action.

Q. What will happen to my tax statement before and after the transfer?

The JSAs will issue tax statements for the periods 6 April 2019 to 5 April 2020 and from 6 April 2020 to the date your Custody Assets transfer. These will be provided after the Transfer and not before January 2021.

Following the Transfer, the relevant Nominated Broker will be responsible for the production of tax statements.

Client data

Q. What happens to my data?

In order to facilitate the return of your Custody Assets as required by the JSAs’ statutory obligations, the JSAs have provided the Nominated Broker(s) with a limited dataset to enable them to set up an account for you in advance of the Transfer. The sharing of data was subject to and in accordance with applicable data protection laws, and if you opt out of the Transfer to the Nominated Broker(s), any data provided by the JSAs will be securely deleted.

Q. How have I been onboarded by the Nominated Broker(s)?

Where possible, you have (or will soon be) on-boarded using the Client data held by Reyker which has been shared with the Nominated Broker(s) as described above. Clients transferring to Pershing, Kin Capital and Thompson Taraz will also have had limited information provided to the Nominated Broker by their Investment Manager in order to facilitate the on-boarding process supporting the statutory process for the return of Custody Assets through the Distribution Plan.

Please note that in a small number of cases, the Nominated Broker(s) will be writing separately to some Clients requesting identification documents in advance of the Transfer so that you may have access to your Custody Assets as early as possible. For regulatory purposes they must complete regulatory Know Your Client or Anti-Money Laundering checks where Reyker’s information was incomplete or out of date.





Costs and costs allocation

Q. What are the rules for costs and costs allocation?

Legislation governing the special administration regime provides that the costs of returning Custody Assets are to be paid out of Custody Assets, i.e. by Clients.

The amount of each Client's Share of the Costs will be set out on the Portal and / or the Client Asset Return Statement which will be made available by the JSAs once the respective Nominated Broker(s) is ready to receive the Client Assets.

Q. What are the Costs for transferring Custody Assets?

The maximum amount of each Client's Share of Costs for the return of Custody Assets will be £2,500 (the costs for returning Client Money are calculated and recovered separately) and there are mechanisms in place to enable this maximum amount to be reduced if the actual costs are lower than the estimated costs. It cannot, however, increase above this amount.

If your Custody Assets were valued at less than your Share of Costs as at the date of the JSAs' appointment (being 8 October 2019), then your Share of Costs will be capped to the value of your Custody Assets as at that date.

For the vast majority of Clients, these costs will be settled by the FSCS and you will receive your Custody Assets whole, without the need for any deduction.

Q. Am I eligible for FSCS compensation?

It is anticipated that more than 98% of Reyker's Clients are eligible for FSCS compensation and that all individual retail Clients will receive 100% of their Custody Assets and Client Money in due course.

Clients with Client Assets (which includes both Custody Assets and Client Money) 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.

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 via the Portal to confirm whether they wish to submit a claim for FSCS compensation or not (if not already done so). If Clients in this category fail to elect to apply for FSCS compensation via the Portal they will be liable to pay for their Share of Costs before their Custody Assets could be included in a Transfer and before they can access their Client Assets.

The JSAs wrote to the Company's non-individual, corporate Clients who may not be eligible for FSCS compensation in March 2020 (and subsequently in September 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 been asked to complete the form and wish to claim compensation and have not yet done so, should return it as a matter of urgency:

- **By email:** reyker.securities@smithandwilliamson.com; or
- **By post:** Reyker Securities plc (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY





If you are subsequently determined to not be eligible for FSCS compensation, you will be provided with a Payment Options Form via the Portal or otherwise which sets out the quantum of costs to be paid by you and enables you to indicate your preference as to how you settle these costs. These costs would need to be settled before your Custody Assets could be included in a Transfer to a Nominated Broker.

Further information

Further information and frequently asked questions on other matters relating to the special administration (e.g. the distribution of Client Money) 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 or, alternatively, by calling 0800 048 9512.

Disclaimer

Neither Reyker nor the JSAs can give Clients any advice whatsoever in respect of their investments and / or the distribution of Client Money or transfer of Custody Assets and nothing within the website, 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.

The affairs, business and property of Reyker are being managed by the JSAs who act as agents of the Company and without personal liability. Mark Ford, Adam Stephens and Henry Shinnars are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

