



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

Update for Clients and other stakeholders 21 December 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.

IMPORTANT UPDATE FOR CLIENTS WITH CUSTODY ASSETS & CORPORATE ACTION INCOME

Following the approval of the Distribution Plan by the Court on Friday, 16 October 2020, the JSAs have been working with the Nominated Brokers to finalise the formal transfer agreements and complete all regulatory and compliance matters in preparation for the transfer of Custody Assets and Corporate Action Income.

JSAs and Nominated Brokers have also been liaising closely with the FCA in relation to the proposed transfers. On 16 December 2020 the FCA gave its confirmation that it has no objection to the transfer of Custody Assets and Corporate Action Income having completed its final review of the Nominated Brokers' preparedness.

The JSAs have continued to work with the FSCS to confirm the extent of Clients eligible for FSCS compensation based on the information presently available. Fewer than 1% of Clients are presently ineligible for compensation and will have to pay their Claimant's Share of the Costs.

The JSAs are pleased to advise that as this work has been completed they will shortly be writing to the majority of Clients on 29 December 2020 to confirm that their Client Assets Return Statement is available to view on the Portal and their legal rights under the terms of the Distribution Plan.

Please note:

- Clients will be referred to the Portal to access their Client Assets Return Statement in the first instance. For Clients who are happy for their assets to transfer to their Nominated Brokers and who are FSCS Protected Claimants, no further action will be required for their Transfer of assets to be completed;
- A small number of Clients (less than 1% of Clients) have either not provided the required information to qualify for FSCS compensation or, alternatively, do not qualify for FSCS compensation. Accordingly, these Clients will either have to complete their claim for FSCS compensation or, alternatively, pay for their Share of the Costs in advance of their assets being transferred or distributed. These Clients will be written to with an explanation of the payment options available.
- A small number of Clients may not receive a letter at this time as a Nominated Broker has not been yet been found for their respective asset type. These Clients have been notified of this separately and such Clients are typically those holding Child Trust Funds or IF ISAs.

It is anticipated Client letters will be received either on or before 4 January 2021. In the meantime, some FAQs have been added to this site in advance of the Client Assets Return Statements being released.

The Reyker client services team will be working on a significantly reduced staff between 24 December 2020 to 1 January 2021 and, therefore, we ask Clients to bear with us during this time. The Client Services helpdesk will be closed during weekends and bank holidays and during the afternoon of Christmas eve and New Years' eve. Normal business hours service will resume with effect from 4 January 2021 and we would ask Clients, where possible to defer any non-urgent queries until 4 January 2021.





Fraudulent activity

The JSAs continue to encourage Clients to remain vigilant and to exercise caution when dealing with correspondence regarding the Special Administration and the return of Client Assets. If you are in any doubt regarding the authenticity of any correspondence you may receive, please do not hesitate to contact Client Services at clientservices@reyker.com or on 0800 048 9512.

Transfer of Custody Assets

The transfer of Custody Assets (but not Client Money) 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 the process by which the Custody Assets will be returned to Clients 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 Court on 16 October 2020.

Clients are recommended to read the Explanatory Statement, Flowchart and the most recent FAQs (published on the Website) to assist their understanding of the transfer process.

With the Court's approval, the return of Custody Assets will now be undertaken by way of a series of partial transfers to five regulated brokers under regulations 10B and 10C of the Regulations.

The number of bulk 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 - see below).

Following the approval of the Distribution Plan by the Court on Friday, 16 October 2020, the JSAs have been working with the Nominated Brokers to finalise the formal transfer agreements and complete all regulatory and compliance matters in preparation for the transfer of Custody Assets and Corporate Action Income.

The JSAs and Nominate Brokers have also been liaising closely with the FCA in relation to the proposed transfers. On 16 December 2020 the FCA gave its confirmation that it has no objection to the transfer of Custody Assets and Corporate Action Income having completed its final review of the Nominated Brokers' preparedness.

The JSAs have continued to work with the FSCS to confirm the extent of Clients eligible for FSCS compensation based on the information presently available. Fewer than 1% of Clients are presently ineligible for compensation and will have to pay their Claimant's Share of the Costs.

The JSAs are pleased to advise that, as this work has been completed, they will shortly be writing to the majority of Clients on 29 December 2020 to confirm that their Client Assets Return Statement is available to view on the Portal and their legal rights under the terms of the Distribution Plan.

For the majority of Clients, their assets will start to transfer to their Nominated Brokers from 29 January 2021. Clients that opt out of this transfer will see a significant delay in the return of their assets until at least Spring 2021 while the JSAs complete the Nominated Broker Transfers before then setting a Distribution date.





Please note, due to the number of Nominated Brokers, asset classes and stock lines, ranging across electronic and paper-based stocks and securities, the transfer of Custody Assets will be phased over time and it is practically and commercially impossible for all stock transfers to take place at the same time.

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 declared during August 2020 to all Clients who hold a Client Money balance with the Company and have submitted a valid 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 and late instructions are not being accepted as part of the first distribution.

The JSAs received valid Client Money distribution instructions in respect of 8,834 Client plans and, as at the date of this report, the first interim distribution is approximately 95% complete. The JSAs are continuing to verify and process the remaining Client Money distribution instructions in accordance with industry regulations and best practice.

If you have any queries regarding the status of your Client Money distribution, please contact Client Services for further information.

If you have not yet submitted a Client Money Instruction Form, this can still be done at any time through the Portal. Please note, you will not be able to participate in the first interim distribution of Client Money and your 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. The timing of a further Client Money distribution is presently uncertain.

Before submitting a Client Money Instruction Form, Clients should familiarise themselves with the terms and conditions of the distribution of the Client Money Pool which is available at: www.smithandwilliamson.com/reyker-securities-plc.

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 this document, 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.

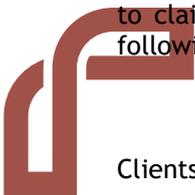
Fraudulent communication

Further to recent updates and reports of fraudulent activity, 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
 - **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/what-we-cover/investments/>

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

Client's with Custody Assets (which includes Corporate Action Assets, e.g. income received following 8 October 2019) will shortly receive a letter confirming how to access their Client Assets Return Statement and their rights under the Distribution Plan. In the meantime:

- Clients that are FSCS eligible (this is expected to be all retail clients and a number of corporate clients that have submitted eligible claims) with Client Assets of less than £85,000 or, alternatively, FSCS eligible clients with Client Assets of more than £85,000 that have confirmed that they want to claim FSCS compensation, **no further action is required in respect of the proposed transfer of your Custody Assets to the Nominated Broker.**
- Clients that have Client Assets of more than £85,000 and have not yet confirmed, via the portal, that they wish to claim FSCS compensation **are very strongly encouraged to do so** as your Client Assets will not be transferred until your share of the costs are either determined as being payable by the FSCS (by confirming that you wish to be compensated and the FSCS approving your application) or, alternatively, by you making a payment to meet these costs.
- Corporate Clients that may not be eligible for FSCS compensation should ensure they have reviewed and, where applicable, completed the FSCS eligibility assessment form issued on 30 March 2020 (and more recently in September 2020) and return it to reyker.securities@smithandwilliamson.com.





Client's with Client Money:

- If you have submitted your claim to Client Assets and your Client Money Instruction Form before the deadline imposed by the JSAs, you should have or will shortly receive your first interim distribution of Client Money;
- If you have received a communication from the JSAs requesting further information to verify your designated bank account or complete your distribution to an alternative broker, please contact Client Services at your earliest convenience so that the JSAs can process your distribution instructions.
- 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) to do this at your earliest convenience and to ensure that you may participate in future distributions of Client Money.

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 or, alternatively, by calling 0800 048 9512.





Glossary

Capitalised terms within this document are defined as follows:

Term	Definition
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 Assets Return Statement	A statement showing Clients' Custody Assets and Corporate Action Assets (which includes Corporate Action Income) which will be available through the Portal. This Statement will detail the Nominated Broker to which Custody Assets will be transferred and the date from which asset transfers will commence.
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
Corporate Action Income	Client Money received after 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 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

The affairs, business and property of Reyker are being managed by the Joint Special Administrators who act as agents of the Company, 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. Reyker remains authorised and regulated by the Financial Conduct Authority. FCA reference number 115308. Registered in England No. 01747595

