



Dolphin Financial (UK) Ltd - In Special Administration ("Dolphin" or "the Company")

Update for Clients and other stakeholders 8 June 2022

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.

Please note that the information provided in this update is generic and that each Client and / or Creditor position may differ. The update is prepared for **information purposes only** and whilst the JSAs endeavour to ensure its accuracy and applicability, no reliance should be placed on it by any party in respect of their own individual circumstances.

Strategy for the return of Client Assets and Client Money

On 12 July 2021, the JSAs completed a sale of certain eligible Client contracts to Britannia Global Markets Limited. Since that time, with the approval of the Committee, the JSAs had been seeking a whole or partial sale of the contracts of those Clients remaining at Dolphin.

In early April 2022, the JSAs notified the members of the Committee that all parties who had previously expressed an interest in the whole of the Dolphin Residual Client Book ("RCB") had withdrawn their interest. Following further discussions with the Committee regarding the difficulties in pursuing limited sales of a small number of Client contracts within the RCB, the JSAs have concluded that a Distribution Plan ("DP") represents the best and most efficient option to return Client Custody Assets and Client Monies.

Distribution Plan ("DP")

A DP is a detailed legal document which details the process by which Client Custody Assets and Client Monies held within the Client Money Pool (which crystallised on 30 June 2021), will transfer. It will be reviewed by the Committee and FCA before approval is sought from the Court. A DP seeks to ensure all Clients' rights are protected.

The return of Client Custody Assets, Client Monies and Post Pooling Money (being dividends, interests, redemptions etc. received in respect of Client Custody Assets post 30 June 2021) ("PPM") will be undertaken by way of a transfer to one or more Nominated Brokers under regulations 10B and 10C of the Regulations.

The JSAs have identified a number of preferred brokers that are willing to act as a new custodian for the whole RCB and discussions are ongoing with these preferred brokers. When considering which new broker is best placed to accept Dolphin's RCB the JSAs have considered:

- the calibre of the brokers, including the breadth of assets that can be held for Clients and the services they can offer to Clients post transfer;
- the preference of any large Clients within the RCB;
- feedback from the Regulatory stakeholders, such as the FCA, as well as the Committee; and
- the need to expedite the return of Client Custody Assets, PPM and Client Monies

For legal reasons, the identity of the preferred brokers cannot be shared with Clients at this time.





Legislation governing special administrations provides that the costs of returning Client Custody Assets, PPM and Client Monies are paid out of the Client Assets being returned. The DP will set out how these costs are apportioned between Clients and the categories of Client Assets.

Indicative timeline for the return of Client Cash and Client Custody Assets

The JSAs, together with the appointed legal advisors, will draft the DP. Both the Committee and FCA will be asked to review, comment on and in the case of the Committee, approve the plan prior to an application being made to Court for approval of the DP.

As part of the DP process the JSAs will be required to set a Bar Date, which is the deadline for Clients to submit their claims in respect of Client Custody Assets and Client Monies. At present it is proposed that the Bar Date will be 5pm on 29 July 2022. Later this month, a letter will be sent to all Clients setting out the Client Custody Assets and Client Monies held by Dolfin for each client. Clients will be asked to verify their claim.

Clients will be aware that a client statement reconciliation process was undertaken earlier this year. This was undertaken to seek to deal with as many queries as possible to make later work smoother. We thank Clients for their input to date. Clients who have not yet verified their statements issued on 28 February 2022 are encouraged to do so as soon as possible. The aforementioned Bar Date process is separate to this and all Clients will therefore need to formally respond prior to the Bar Date deadline.

Once the Bar Date has passed the JSAs will finalise the DP and seek comments from the Committee and FCA. An application will then be made to Court for a hearing date for the Court to consider, and if thought fit approve, the DP.

Following the Court approval of the DP the JSAs will provide the following documents to Clients:

- copies of the DP and an explanatory statement;
- provide details of the new broker(s) to where their Client Assets will transfer alongside the ability to opt out of the transfer to the Nominated Broker;
- the options available to Clients to pay the costs associated with the return of their Client Assets; and
- a Client Asset Return Statement to show the Client Assets being transferred to the new broker, which may differ from the previous statements sent to Clients if PPM have been received

As set out, the timeframe for the return of Client Assets is dependent on receipt of approval from various parties and the availability of Court hearing dates. However, should the process proceed smoothly the JSAs anticipate being in a position to return Client Assets in Q4 2022.

Financial Services Compensation Scheme (“FSCS”)

Clients are reminded that the FSCS does not consider that the requirements for paying compensation under its rules have been met. Furthermore, the FSCS will not fund the Special Administration. Broadly, this means that Clients will be required to fund the costs of transferring their own assets before consideration is given to any form of compensation. However, Clients are free to contact the FSCS, which may wish to consider claims on a case-by-case basis.

The FSCS statement and contact details can be found here:

[Dolfin Financial \(UK\) Ltd - in special administration | FSCS](#)





Creditors

There is no specific update for creditors on the basis that there is no significant change to their position. A progress report will be sent out by end July in any event.

Next steps

At present, Clients need not take any action.

As noted above, the JSAs will be writing to all Clients later this month to provide formal notice of the Bar Date

Further information

Further information and frequently asked questions can be found on our website, or by clicking this link:

[Dolphin Financial \(UK\) Ltd \(in Special Administration\) | Smith & Williamson \(smithandwilliamson.com\)](https://www.smithandwilliamson.com)

Thank you

Adam Stephens & Kevin Ley
Joint Special Administrators of Dolphin Financial (UK) Ltd





Glossary

Capitalised terms within this document are defined as follows.

Bar Date	The deadline for Clients to submit their claims in respect of Custody Assets
CASS	The FCA’s “Client Assets Sourcebook” rules
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
Company / Dolfin	Dolfin Financial (UK) Ltd - in Special Administration
Client Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients
Distribution Plan / DP	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody Assets
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
JSAs	The Joint Special Administrators
JSAs’ Reconciliation	An independent reconciliation of the Client Money and Custody Assets to be completed by the JSAs under Reg 10H of the Regulations
Post Pooling Monies	Corporate actions comprising dividends, interests, redemptions etc. received in respect of Client Custody Assets following 30 June 2021
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Residual Client Book / RCB	Clients with Custody Assets and Client Monies remaining at Dolfin after the sale of certain Client contracts to Britannia
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
S&W	Smith & Williamson LLP
Special Administration	The special administration of the Company

