



Dolphin Financial (UK) Ltd (in Special Administration)

Joint Special Administrators' report and statement of proposals
pursuant to Rule 59 of The Investment Bank Special Administration
(England and Wales) Rules 2011

17 August 2021



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1. Glossary

Abbreviation	Description
Act	The Insolvency Act 1986
AUM	Client Assets under management
Authorities	The Bank of England, HMRC and the FCA
Bar Date	The deadline for Clients to submit their claims in respect of Client Money and Custody Assets
Britannia	Britannia Global Markets Limited - a purchaser of certain assets of the Company
CASS	The FCA's "Client Assets Sourcebook" rules
Claim Form	The form to be completed and returned to the JSAs by any Creditor or Client who wishes to vote at the Initial Meeting (a copy is at Appendix X and available to download at https://smithandwilliamson.com/dolphin-financial/)
Client	A party for whom the Company held either Client Money or Custody Assets or both on their behalf at the date of the Special Administration
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 in the course of, or in connection with any of its businesses as referenced in CASS 7.10.1 and any money that the Company treats as Client money in accordance with the Client Money Rules contained in CASS 7.10. to 7.19
Client Money Rules	CASS 7 and 7A, being provisions for the handling and distribution and transfer of Client Money
CMP	The Client Money Pool, being the pool of Client Money held on trust by the Company in accordance with the Client Money Rules and which has been pooled in accordance with those rules for the purpose of distributing the Client Money, including by way of a transfer to a subsequently nominated broker
Company	Dolphin Financial (UK) Ltd (in Special Administration) which is also referenced as Dolphin throughout the Proposals
CVA	Company voluntary arrangement, being an insolvency procedure where a company reaches a voluntary agreement with its creditors regarding the repayment of all, or part of its debts, over an agreed period of time
Court	High Court of Justice, Business and Property Courts of England and Wales
Creditor	Any party who is owed an amount from the Company, including i) a Client who is not entitled to participate in the Client Money Pool nor entitled to Custody Assets held by the Company; ii) a Client with a shortfall of either Client Money or Custody Assets; iii) any other Creditor who is owed an amount from the Company, to include secured, preferential or ordinary unsecured creditors
Clients' and Creditors' Committee	The committee proposed to be established in order to take certain decisions on behalf of the Clients and Creditors as a whole; it may consist of both Creditors and Clients who consent to act
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients by the Nominee as at the JSAs' appointment.

Abbreviation	Description
Directors	The registered directors of the Company as scheduled at Appendix I
Distribution Plan	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody Assets
Dolfin	Dolfin Financial (UK) Ltd (in Special Administration) which is also referenced as the Company throughout the Proposals
DWF	DWF Law LLP, legal advisors to the Company and, since their appointment, to the JSAs
Foot Anstey	Foot Anstey LLP, legal advisors to the JSAs since their appointment on certain limited matters
FCA	Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme
FSMA	The Financial Services and Markets Act 2000
HMRC	HM Revenue & Customs
House Assets	The Company's own assets available for realisation to the Special Administration estate
IFA	Independent Financial Advisor
Initial Meeting	The Initial Meeting of Clients and Creditors to be held at 11.00 am on 2 September 2021
Investment bank	A company based in England and Wales with permission under FSMA to carry on certain regulated activities including to holds Client Assets
the JSAs	The Joint Special Administrators, being Adam Henry Stephens and Kevin Ley of Smith & Williamson LLP. Also referred to as "We".
Lewis Silkin	Lewis Silkin LLP, employment legal advisors to the Company and, since their appointment, to the JSAs
Nominee	A corporate entity, not the owner, in whose name a security (e.g. stock or bond) is registered
Objectives	The three statutory objectives of a Special Administration in accordance with the Regulations
Objective 1	To ensure the return of Client Assets as soon as is reasonably practicable
Objective 2	To ensure timely engagement with market infrastructure bodies and Authorities pursuant to regulation 13 of the Regulations
Objective 3	To either rescue the investment bank as a going concern or, alternatively, to wind it up in the best interests of the Company's Creditor
OIREQ	Own Initiative Requirements - On 12 March 2021 the FCA imposed a number of restrictions on Dolfin Financial (UK) Ltd stopping it from carrying on any regulated activities due to concerns about the way it conducted its business
PPE	Primary pooling event
Proposals	The JSAs' proposals for achieving the Objectives of the Special Administration

Abbreviation	Description
Proxy Form	The form to appoint a proxy to attend the Initial Meeting on behalf of any Client or Creditor who either does not intend to attend the Initial Meeting or who represents a corporate entity (a copy is at Appendix XI and available to download at https://smithandwilliamson.com/dolphin-financial/)
SA Reconciliation	A reconciliation of the Client Money and Custody Assets undertaken by the JSAs following their appointment
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Residual Clients	Clients that were not part of the sale to Britannia or Clients which made the decision to opt out of a transfer to Britannia
RPS	The Redundancy Payments Service, being a government department that pays outstanding entitlements to employees in the event their employer is insolvent (subject to statutory limits)
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
SAR	The Special Administration Regime, to include the Regulations and the Rules
SOA	Statement of Affairs
Special Administration	The Special Administration of the Company following a court order dated 30 June 2021
SIP	Statement of Insolvency Practice (England & Wales)
S&W	Smith & Williamson LLP
Tilney	Tilney Discretionary Portfolio Management Ltd - Investment Operations team
We	The Joint Special Administrators, being Adam Henry Stephens and Kevin Ley of Smith & Williamson LLP. The JSAs is also used as an alternative to 'We'.

2. Introduction

HIGHLIGHTS for Clients

1. **Appointment.** The JSAs were appointed to the Company with effect from 11.28am on 30 June 2021 by way of a Court Order on the application of the directors and immediately secured all Client Money and Custody Assets held on behalf of its Clients at this time.
2. **Client Assets.** According to the SA Reconciliation performed following the JSAs' appointment, the Company held, in respect of Custody Clients, Client Assets totalling circa £1.164bn, being £166m of Client Monies and Custody Assets of £998m. The SA Reconciliation did not include Client Holdings held with third-party custodians.
3. **The SA Reconciliation.** A key initial activity required under the SAR. This did not identify any material deficiencies in Client Assets. The JSAs do not have visibility in respect of Client Holdings held with third-party custodians as the underlying contracts were terminated before or after the commencement of the Special Administration.
4. **Sale to Britannia.** Prior to the appointment of the JSAs, and as part of the Company's wind down plan, negotiations were advanced with Britannia for the sale of certain assets of the Company. Following the appointment of JSAs, negotiations continued and a sale agreement was signed on 5 July 2021 with completion taking place on 12 July 2021 following the completion of the SA Reconciliation. The sale to Britannia included the benefit in certain Client contracts.
 - **Transferring Clients.** We contacted all known eligible Clients with details of the proposed transfer of their underlying contract to Britannia. Eligible Clients were provided with an opportunity to affect an early transfer or to opt out of the transfer altogether. We have collated the responses and continue to work with Britannia to process all transfers as quickly as possible. Eligible Clients were also advised that under the terms and conditions of Dolfin, their underlying agreement would transfer automatically to Britannia on 10 August 2021 if no opt out notification had been received by the JSAs before this date.
 - **Non- transferring Clients.** For Clients who opted out or who were not included/eligible to transfer to Britannia, these accounts remain with Dolfin under the control of the JSAs.
5. **Future work will focus on the above non-transferring Clients.** The JSAs will be focussing on seeking to resolve this as soon as possible. It is possible that Client Assets will be transferred to either a purchaser of the remaining business, or alternatively, to one or more preferred nominated brokers or other appropriate body. The timing of such a transfer cannot be given at this juncture. A formal Bar Date and Distribution Plan may well be required to facilitate the transfer of Custody Assets in accordance with the Regulations and the Rules. There is likely to be a delay before any such strategy can be implemented and only after consultation with the FCA and stakeholders. A further update will be provided at the Initial Meeting.
6. **Shortfalls.** If Clients suffer a shortfall in their Client Assets, either because of a deficit in holdings or due to the associated costs and expenses of the process, the respective Clients may be eligible to claim any shortfall from the FSCS. Further details regarding the FSCS are set out below in paragraph 5.3.2 and can be found at their website. www.fscs.org.uk/your-claim/eligibility-rules.

The FSCS is currently looking closely at whether and to what extent FSCS protection may apply to Clients. However, it is important to stress that given the FSCS' ongoing investigations, the FSCS cannot, at this present time, conclude whether or not FSCS protection exists for any of the Clients. The FSCS will provide updates on its website regarding its position.

7. **This document.** This document sets out the JSAs' Proposals for achieving the return of Client Assets as quickly as possible (amongst other things). The JSAs' Proposals are required to be approved by the Company's Clients and Creditors and, accordingly, an Initial Meeting has been convened for this

purpose and to also consider the establishment of a Clients' and Creditors' Committee (if sufficient Clients and Creditors are willing to act).

8. **Initial Meeting of Clients and Creditors.** This will be held on **2 September 2021 11.00am at etc.Venues, 200 Aldersgate St, Barbican, London EC1A 4HD.** Registration will take place between 10.00am and 10.45am.

Should you wish to vote at the Initial Meeting, either by attending in person or nominating a proxy to attend and vote on your behalf. Further detail as to the action you should consider taking is included at sections 2.12 and 13. **Please note, you do not have to vote or attend the Initial Meeting and, should you choose not to, this will not affect your claim to Client Money or Custody Assets.**

For transferring to Britannia Clients, if a transfer has been completed prior to the Initial Meeting they will not be entitled to attend or vote at the Initial Meeting. A Client may be entitled to attend and vote in respect of a potential unsecured (contingent) claim against Dolfin.

9. **COVID 19.** In relation to the attendance at the Initial Meeting of Clients and Creditors, we would draw your attention to current and any future COVID 19 restrictions, policies and guidance. If there are any changes to the current guidelines that may affect attendance at the initial meeting the JSAs will seek to notify Clients and Creditors accordingly.

Should you have any queries, please contact the Client Services Team by email at dolfin@smithandwilliamson.com

2.1 Appointment of the Joint Special Administrators

We, Adam Henry Stephens and Kevin Ley, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 5AY and licensed insolvency practitioners, were appointed by the Court as JSAs of the Company on 30 June 2021.

This report sets out the JSAs' Proposals for achieving the Objectives of the Special Administration pursuant to the Regulations and the Rules.

Please note that this report has been produced during the period of the Covid-19 pandemic. In light of the pandemic, we continue to monitor the situation and comply with ongoing guidance and regulations from the UK government.

As a result of the latest government advice and restrictions, we have limited access to some of our physical case files and where relevant have had to produce this report from records available on our IT systems. We believe that we have taken reasonable steps to ensure that the information is accurate but if anything is incorrect or incomplete, we will provide an explanation and corrected information either at the Initial Meeting, in the next progress report or as soon as we are in a position to do so.

Our team members have successfully been working both remotely as well as from the office where necessary, and we will continue to do so. We are fortunate to have at hand all the tools needed to communicate virtually, internally and externally. It should be noted at the date of Special Administration, all Dolfin staff were working remotely so the business did not have a physical office.

Please be aware that some case staff may be working outside normal business hours but please be assured that your communications are important to us and will be responded to by the relevant team member who will contact you as soon as they are available to do so. We apologise in advance for any delay in responding to your communication and wish to take this opportunity to thank you for your patience and understanding during this unprecedented and challenging time.

If you have any concerns regarding this matter, please email dolfin@smithandwilliamson.com or telephone 020 3763 8597.

2.2 What is a Special Administration?

The SAR was introduced to improve the process where an investment bank fails.

An investment bank for these purposes is a firm which holds Client Money and/or Custody Assets and holds certain regulated activities on its scope of permission granted by the FCA. Dolfin falls within this definition and is therefore covered by the Regulations.

The Regulations prescribe that the JSAs should pursue Objective 1, Objective 2 and Objective 3, being:

1. To ensure the return of Client Assets as soon as is reasonably practicable;
2. To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
3. To either:
 - i. rescue the investment bank as a going concern, or
 - ii. wind it up in the best interests of the creditors

Any Client Money held by the Company at the date of the Special Administration forms a single Client Money Pool or CMP in accordance with the Client Money Rules. The JSAs, following their appointment, have secured all Client Money held in the CMP at the time of their appointment and have taken steps to reconcile the claim that each Client has against the CMP in order to permit the distribution of funds which may include to an alternative nominated broker, purchaser of the business or to the respective Client depending on what is considered most appropriate for the Special Administration.

The SAR provides that the costs and expenses incurred in pursuing Objective 1, i.e. returning Client Money and Custody Assets, are to be paid out of the Client Assets. The costs and expenses in pursuing Objective 2 and Objective 3 are ordinarily paid out of the Company's own assets (i.e. the House Assets).

If Clients suffer a shortfall in their Client Assets because the costs and expenses incurred in pursuing Objective 1 are deducted from Client Assets, the respective Clients *may* be covered by the FSCS in this regard and, accordingly, the JSAs have been and will continue to liaise with the FSCS throughout this process.

Please note that there are eligibility criteria for any FSCS claim. Further details can be found at the FSCS website www.fscs.org.uk/your-claim/eligibility-rules. For eligible claims, the FSCS can pay up to £85,000 in compensation per person or small business. If claims are paid by the FSCS, the FSCS will assume a Client's rights to claim against the Company.

2.3 What is this document?

You are receiving these Proposals because the Company's records indicate that you are either a Client or a Creditor. As such, you are entitled to attend the Initial Meeting of Clients and Creditors on 2 September 2021 and to vote upon the Proposals, which will determine the conduct of the Special Administration, and whether a Clients' and Creditors' Committee should be established (subject to sufficient Creditors and Clients being willing to act). Sections 13 and 14 provide further details.

In summary, the JSAs' strategy is to facilitate an orderly and coordinated return of Client Money and Custody Assets to the fullest extent possible and to work closely with the FSCS regarding possibly funding the costs of that process, but only if any Clients are entitled to compensation by the FSCS. As noted above, the FSCS cannot, at this present time, conclude whether or not FSCS protection exists for Clients.

2.4 What is a Client?

A Client is a party for whom the Company held either Client Money or Custody Assets or both on their behalf. This may be an individual, trust, pension trustee or company. The SA Reconciliation identified:

- No of Clients 486
- Client Money £166m
- Custody Assets £998m

This excludes Clients with holdings and accounts with third-party custodians. The JSAs are unable to reconcile these positions as access to the account information is not available. We understand that 177 Clients' holdings are held via third-party custodian arrangements.

2.5 What are Client Assets?

This refers to both Client Money and Custody Assets.

- **Client Money.** Refers to the segregated cash balances, totalling c.£166m, held by the Company and sub-custodians at the date of our appointment. Such balances were held across a significant number of designated Client accounts and are held subject to and in accordance with the Client Money Rules.

- **Custody Assets.** Are securities (e.g. stock, shares and other investments) held by the Company on behalf of Clients.

Client Money and Custody Assets were also held on behalf of connected entities.

Certain Clients, although they held contracts with Dolfin, held their assets with third-party custodians.

2.6 What is a Creditor?

A Creditor is broadly split into three categories:

1. Clients with claims arising from any shortfall of Client Money or Custody Assets. It is worth highlighting that in the event that a Client suffers a shortfall of either Client Money or Custody Assets, they may be eligible for compensation from the FSCS. For eligible claims, the FSCS can pay up to £85,000 in compensation per person or small business. Clients may also have unsecured claims for breach of contract or negligence;
2. Secured creditors - the Company had no secured creditors as at 30 June 2021 (based on the information available at Companies House as at the date of the Proposals); and
3. Ordinary preferential and unsecured creditors, which include the claims of trade creditors, HMRC, the FSCS (if compensation is paid) and former employees.

2.7 Summary of actions to date

Since their appointment, the JSAs have:

1. Maintained certain non-trading business operations of the Company with a view to achieving the objectives of the Special Administration. Many of Dolfin's former employees have been retained for this purpose and the JSAs wish to express their thanks for this continued commitment.
2. Taken steps to safeguard all Client Money, Custody Assets and known House Assets.
3. Agreed terms for the sale of certain assets to Britannia, finalised the sale negotiations that had commenced prior to the JSAs appointment and effected completion of the sale on 12 July 2021. Further details of the sale can be found in section 5.2.2
4. Engaged with Dolfin staff, the JSAs' firm (including Tilney staff) with specialist knowledge of the SAR and CASS processes, to assist with the completion of the SA Reconciliation.
5. Undertaken and completed the SA Reconciliation on 12 July 2021.
6. Notified all known Clients of the Special Administration, the proposed transfer to Britannia and dealt with the process of dealing with Clients wishing to affect an early transfer or opt out.
7. Commenced the transfer of Clients to Britannia.
8. Established lines of communication for liaising with the Company's Clients and professional advisors, to include the use of websites, a dedicated phone line and email accounts and direct dialogue with a number of corporate intermediaries who referred Clients to the Company and had ongoing relationships with them.
9. Notified all known Creditors of the SA and agreed undertakings with supplier Creditors that were necessary to continued non-trading business operations.
10. Engaged with retained members of staff pending the completion of the Britannia sale, implemented a redundancy process and sought to employ staff on a consultancy basis to assist with the Special Administration.
11. Engaged with instructed solicitors in relation to matters arising following the JSAs appointment, together with those instructed by certain Clients.

12. Notified sub-custodians and banks holding accounts on behalf of the Company to ensure all accounts are under the control of the JSAs.
13. Engaged with the Smith & Williamson:
 - a. Tax team to review the overall tax position of the Company specifically the recoverability of VAT in the Special Administration; and
 - b. Forensic team to manage imaging and backups of the Company's IT systems for regulatory and investigatory purposes
14. Contacted all of the relevant market infrastructure bodies and authorities and, in particular, maintained frequent contact with the FCA, the FSCS and Financial Ombudsman Scheme.
15. Reviewed the Company balance sheet as at 30 June 2021 and implemented a strategy to deal with the House Assets.

Further detail in respect of work undertaken to date can be found at section 5 and Appendix VII.

2.8 Anticipated outcome for Clients and Creditors

2.8.1 Clients transferring to Britannia

It is anticipated that Clients transferring to Britannia will transfer their individual portfolios of assets and money in full, except where there are limitations or restrictions preventing acceptance of certain investments. In these circumstances contact will be made with the Client to discuss what steps can be taken to deal with the investments.

As at the date of these Proposals, the JSAs can confirm that:

- No of Clients transferring 276*+
- No of Clients opted out of transfer 18

**+includes Clients held via third-party custodians & + over 450 Client positions*

Please note that Clients that have completed a full transfer of all assets and monies to Britannia before the Initial Meeting are unlikely to be entitled to attend or vote at the meeting.

2.8.2 Clients not transferring to Britannia (Residual Clients)

This includes any Clients who were invited to be included in the transfer to Britannia but elected to opt out of the transfer. The JSAs are aware of 18 Clients electing to do so. **Work on these Clients is expected to be a major part of the JSA's work going forward.**

There is expected to be a material return to the Residual Clients in respect of their Client Assets, but the precise level of return for each Client will depend on:

1. The level of any Client Money and Custody Asset deficiencies where the amount of Client Money or Custody Assets held is less than those claimed by Clients (N.B. there do not appear to be any material deficiencies based on the SA Reconciliation work undertaken to date);
2. The costs of the process for the distribution of Client Money, Custody Assets and the Special Administration in pursuing Objective 1; and
3. The eligibility of Clients to receive compensation for such deficiencies and costs from the FSCS up to a maximum of £85,000 per eligible Client (however the FSCS have stated that presently they cannot conclude whether or not the FSCS protection exists for the Clients)

In respect of timing, this will be dependent upon:

- a. The outcome of the marketing process for the Residual Client Book; and
- b. The process adopted (such as a Court approved distribution plan)

We will be working closely with the FSCS to identify whether Clients are eligible for compensation. Please see later sections on this matter including section 5.3.2. FSCS Eligible Clients may have a claim for both:

- a. A shortfall in Client Money and/or Custody Assets; and
- b. A breach of contract or negligence

then the available compensation from the FSCS would be capped at £85,000 per claimant across all eligible claims. Clients should note that it is for the FSCS to determine eligibility. The JSAs are in dialogue with the FSCS and have provided it with a significant level of information to date.

2.8.3 Creditors

The outcome for Creditors will be dependent upon:

1. The level of House Asset realisations to the Special Administration estate; and
2. The costs of the Special Administration in pursuing Objectives 2 and 3 of the Special Administration

There are likely to be several categories of Creditors and we comment below on the prospects of recovery. The broad priority for recovery is:

- a. **Secured Creditors.** We are not aware of any secured creditors. If a Creditor believes that it holds security it should submit details to the JSAs immediately. Details should also be included on the statement of claim form attached to the Proposals;
- b. **Preferential Creditors.** The JSAs are aware of certain preferential creditors in respect of:
 - i. **Employee claims.** Subject to certain limits; and
 - ii. **HMRC.** A preferential claim has been received for £170,014;
- c. **Unsecured Creditors.** This will include non-preferential claims by former employees, HMRC, the FSCS (if compensation paid), trade suppliers and any contingent/legal claims made against the Company

It is too early in the process to advise on the dividend prospects of the preferential and unsecured creditors of the Company. Further updates will be provided to Creditors in due course.

2.9 Future work

2.9.1 Overview

Subject to the JSAs' proposals being approved, the following matters are likely to be elements of key future activity (some will be undertaken concurrently). The following is an outline only and is not meant to be an inclusive or exhaustive list:

1. Completing work on the Britannia sale (including ongoing the transfer of individual Client holdings, which can sometimes prove lengthy and time consuming together with payment of the deferred consideration);
2. Work on the Residual Client Book to include:
 - a. Devising an appropriate strategy for the return of Client Assets
 - b. Marketing of the Residual Client book for possible sale. (If any reader is interested in purchasing this book they should contact the JSA's team immediately);
 - c. Issuing of Client statements with a deadline to respond (likely to be soon), setting a bar date if appropriate to the strategy;
 - d. Completion of any negotiated sale. This may (but not necessarily will be) as part of a Court approved distribution plan. Legal advice is being sought in respect of the appropriate strategy;
 - e. Distribution of Client Monies and Custody Assets. The JSAs are aiming for an early distribution of Client Money, subject to advice
3. Ongoing communication with Clients and Creditors. Some Clients hold, and some parties represent, very significant holdings by value, and we will seek to work with them, as we will other Clients;
4. Dealing with any contractual commitments entered into by Dolfin;
5. Wind down of the existing sub and third-party custodian agreements including the transfer of all residual bank account balances;
6. Seeking other sources of recoveries, mainly around debtor receivables and other Company assets;
7. Continued liaison with the FSCS regarding the eligibility of Clients;
8. With appropriate advice, obtain tax clearance and mitigate any tax liabilities on completed sales together with ensuring that irrecoverable VAT is minimised ; and
9. Conducting various investigations, fulfilling various statutory duties, and liaising with relevant regulators and public bodies (mainly but not exclusively the FCA).

2.9.2 When and how will Client Money and Custody Assets be released?

As a result of the restrictions imposed by SAR and the Client Money Rules, the JSAs are not able to simply return Client Money or permit a transfer of Custody Assets without first completing a SA Reconciliation of each Client's respective portfolio.

This is a statutory obligation and we are pleased to report that this exercise was completed on 12 July 2021. In other words, the SA Reconciliation was completed 12 days after the commencement of the Special Administration. To achieve this a considerable amount of work was conducted prior to the Company entering Special Administration which included engaging with the Dolfin CASS team alongside the JSAs' team. We must express our thanks to them for their extensive efforts and determination in completing this important statutory obligation.

The completion of the SA Reconciliation allowed the JSAs to complete the sale to Britannia and to enable certain Client contracts to transfer. For those Clients not transferring there are other reasons which are likely to delay the release of their Client Money and Custody Assets. Further details for non-transferring Clients can be found in sections including 2.8.2 and 9.2.

2.10 Initial Meeting

We have convened an Initial Meeting of Clients and Creditors to enable Clients and Creditors to vote upon the Proposals and to decide whether a Clients' and Creditors' Committee should be formed.

The details of the Initial Meeting are:

Date:	2 September 2021
Time:	11.00am
Location:	etc.Venues, 200 Aldersgate St, Barbican, London EC1A 4HD

The closest underground stations are Barbican, St Pauls and Moorgate. Registration will take place between 10.00am and 10.45am.

2.11 What are the Proposals?

The Proposals are the actions the JSAs intend to take in order to pursue and achieve the Objectives. These are listed in full at section 11.

2.12 What you need to do

Should you wish to vote at the Initial Meeting, you must complete a Statement of Claim form (which is available at Appendix X or to download at <https://smithandwilliamson.com/dolfin-financial/>).

The Statement of Claim should arrive no later than **12 noon on 1 September 2021** being the last business day before the Initial Meeting. The form should be returned to:

By email:	dolfin@smithandwilliamson.com
By post:	Dolfin Financial (UK) Ltd (in Special Administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY
By fax:	020 7131 4001

Please note, the voting process is slightly different depending on whether you are a Client and/or a Creditor. Accordingly, different Statement of Claim forms have been provided for each.

In order for a Client to vote at the meeting you must supply written details of your Client Monies and Custody Assets as at 30 June 2021.

If you do not intend to attend the Initial Meeting in person but do wish to vote on the Proposals (or if you represent a limited company or corporation), you must complete a Proxy Form (using the form at Appendix XI or available to download at <https://smithandwilliamson.com/dolfin-financial/>) and send it to the JSAs' office to arrive no later than **12 noon on 1 September 2021**.

You may nominate either "the Chairman" of the Initial Meeting or anybody else who is attending the Initial Meeting as your proxy holder. Your proxy holder will cast your vote as indicated by you on the Proxy Form on the day. The Chairman of the meeting will be one of the JSAs.

Please note, you do not have to vote or attend the Initial Meeting and, should you choose not to, this will not affect your claim to Client Money or Custody Assets or, alternatively, as a Creditor.

There will not be an opportunity to discuss your individual circumstances or holdings at the meeting and your interests will not be harmed in any way if you do not attend.

More information regarding the Initial Meeting and voting on the Proposals is set out in section 13 below.

3. Background and events leading to the Special Administration

Earlier history of Dolfin

Dolfin was incorporated on 5 November 2010 as a private company limited by shares under the name of Structured Investments Group Limited. The name was changed several times and on 4 October 2016 took the current name. The aggregate nominal value of the issued share capital is £18,287,269 divided into 17,723,635 ordinary shares of £1 and 563,634 preference shares of £1. Details of the current shareholders are shown at Appendix I.

The Company is authorised and regulated by the FCA with FCA reference number 552894. It is part of the wider Dolfin Group, the parent company being Dolfin Group Ltd which is registered in Bermuda. A group structure is shown at Appendix II.

The principal activity of Dolfin is that of an independent wealth-management investment firm with three key business lines:

- Investment management;
- Execution brokerage; and
- Custody services

Dolfin is an investment bank within the meaning of section 232 of the Banking Act 2009 which enabled it to:

- Carry on regulated activities of:
 - i. Safeguarding and administering investments;
 - ii. Dealing in investments as principal;
 - iii. Dealing in investments as agent; and
- Hold Client assets

Dolfin is not a deposit taking institution and did not accept deposits from Clients.

Historical financial performance

A summary of trading results for the Company between 31 December 2015 to 31 December 2019 are shown below:

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
	£'000	£'000	£'000	£'000	£'000
Client assets held and/or managed	-	-	905,339	1,298,374	3,402,998
Revenue	3,072	6,854	10,786	13,521	14,170
Profit/loss (after tax)	(1,069)	307	1,021	350	(1,393)
Net assets	1,918	3,425	6,947	10,297	13,903
No of employees	17	40	60	80	84

Figures extracted from financial statements filed at Companies House

The following sections are mainly based on Company records. It is recognised that there may be other facts and the below does not seek to be an extensive history of recent events. Creditors, Clients and other stakeholders are welcome to submit information to the JSAs which they think should be brought to our attention.

Recent FCA regulatory matters

The following is a summary timeline of recent regulatory matters. It should be noted that Dolfin had other communication with the FCA including such matters as certain CASS related submissions.

- In November 2019, the FCA supervision team ('FCA Supervision') conducted a supervisory visit to review the Company's CASS arrangements. Although the review did not identify any shortfall in Client Money or Custody Assets, it highlighted a number of CASS controls weaknesses. In addition, concerns were raised in relation to other areas of business, particularly the operation of the execution-only Tier 1 Investor Visa business and the management of potential conflicts of interest.
- During December 2019, Dolfin entered into the first of two voluntary requirements notices ('VREQ') with the FCA under which the Company agreed to cease to offer execution-only and custody services to new Tier 1 Investor Visa Clients and to cease dealing in certain securities. These securities were designated as "conflicted securities" and issued by companies deemed to be linked to the Dolfin group.
- During February and March 2020, following discussions with FCA Supervision the Company agreed to a second VREQ under which it agreed not to:
 - Effect a material increase in new business or make an acquisition of another business;
 - Distribute more than £250,000 per year to connected parties; and
 - Hold less than £3m in high quality liquid assets
- Following further supervisory work in March and April 2020, to review the process for on-boarding new Clients, FCA Supervision invited the Company to enter into a third VREQ to cease all regulated activities and to restrict its assets. The Company declined to enter into a further VREQ and explained to the FCA that it intended to address its concerns through a major change in both its management and ownership structures.
- In April 2020, the FCA enforcement team ('FCA Enforcement') informed the Company that it had previously opened an investigation into the operation of the execution-only Tier 1 Investor Visa business and whether the Company had taken appropriate steps to identify and manage potential conflicts of interest in relation to conflicted securities. Subsequently, and concurrently with matters described below, Dolfin provided information to FCA Enforcement in response to formal information requests.
- In June 2020, FCA Supervision confirmed that it did not intend to seek to impose restrictions on the Company to cease all regulated activities at this time based on the developments at Dolfin and the remedial work undertaken or underway. However, it did require the Company to commission a Section 166 review ('S166') to cover its CASS arrangements, conflicts of interest controls, financial crime control framework, governance, oversight and wind down planning.
- In October 2020, S166 skilled person report was produced. Following interaction with the FCA, Dolfin progressed and reported to the FCA on the remediation work required to implement S166 recommendations to the extent not already completed. Management have stated that remediation work was already being undertaken before the issue of S166 report.
- Concurrently in October 2020, Dolfin's senior management facilitated further internal investigations by Dolfin staff (the 'Investigation Team') into the Company's historic execution-only Tier 1 Investor Visa business.
- By the end of November 2020, the Investigation Team had identified that the majority of the execution-only Tier 1 Investor Visa Clients had taken part in a funding scheme which was designed to facilitate compliance with UK immigration rules for obtaining a Tier 1 visa without the investor making the required minimum investment in qualifying securities as required by the immigration rules ('Immigration Funding Scheme' or 'IFS'). The Investigation Team's research indicated that 97 execution-only Tier 1 Investor Visa Clients participated in the IFS and many of the Clients, all of whom are from The People's Republic of China, contributed a sum of £400,000 as a fee (included as part of their investment) into the IFS. The manner in which the IFS was promoted to potential Clients was not known as overseas immigration advisers appeared to have been the source of most Clients.
- Between November 2020 and January 2021 reports were provided by Dolfin's senior management to FCA Supervision on the Company's plan to de-risk its business including simplifying the range of services offered

by the Company and by focusing business development in 2021 on its existing Client base rather than new Clients.

- At the end of January 2021 supplementary information was provided by the Company to FCA Enforcement on Dolfin's involvement in the IFS.

Imposition of the First Supervisory Notice

The FCA imposed a First Supervisory Notice ('FSN') on 12 March 2021. The FSN comprised an own initiative requirement ('OIREQ') and an account of the reasons for the action taken by the FCA.

The principal restriction under the OIREQ was that Dolfin would not, without the prior written consent of the FCA, carry on any regulated activities for which it had a Part 4A permission, other than to continue to hold new Client Money and safeguard and administer Custody Assets held at the date of the OIREQ, or which Dolfin had accepted or segregated upon the receipt of new Client Money or Custody Assets from, or on behalf of, existing Clients in a limited number of specified circumstances, such as the receipt of dividends or coupons.

As a result of the restrictions imposed by the OIREQ, Dolfin was broadly unable to continue to trade as it had been doing. The OIREQ was published on the FCA Register and website on 12 March 2021, the same date as the issue of the FSN in which the FCA announced its concerns in relation to Dolfin and the imposition of restrictions.

Work on a managed wind down and sale

As a consequence of the restrictions imposed on Dolfin by the OIREQ, the Board took independent professional advice from Smith & Williamson LLP on Dolfin's position and its available options and decided to commence a managed wind down of its business. This was predicated on the basis of:

- A sale of most of Dolfin's Client business to another provider;
- A rapid implementation of a redundancy programme for all of Dolfin's staff, other than those required to deal with the resolution of the remainder of its Client book; and
- The adoption of a virtual business model, together with the assignment of Dolfin's lease of its new premises at 77 Coleman Street, London EC2R 5B, which would result in the return of a significant rent deposit

S&W was engaged to undertake an extensive marketing and sales process for the sale of Dolfin's business. At the conclusion of the process on 14 May 2021, Britannia was selected as the preferred bidder and negotiations commenced on the terms of the necessary asset transfer agreement (the Proposed Sale). The marketing and sales process and the Proposed Sale are described in section 5.2.2 below. It was anticipated at this early juncture that a sale could be concluded outside of an insolvency process. As part of the Proposed Sale not all Clients were to transfer to Britannia. Those Clients that were not to be included in the Proposed Sale are included in the 'Residual Client Book'.

At the same time as the sales process was in progress, discussions between Dolfin's senior management team and FCA Supervision took place to agree a process in which Dolfin sought consent from the FCA for the return of assets to certain Clients who had requested the return of their money and investments. The FCA stated that it would be unable to give reasons where consent was not forthcoming and the process was likely to take longer than Dolfin had anticipated. In the majority of cases, consent was given. However, despite initially believing Dolfin had the resources for a longer wind-down, Dolfin's Board became concerned that the resolution of the Remaining Client Book would take even longer to achieve and, consequently, would be even more costly than had been anticipated when considering the managed wind down of Dolfin's business.

Lloyds Bank and operational challenges

Dolfin also faced operational challenges with its primary bank, Lloyds Bank plc (Lloyds). In January 2021, Lloyds informed Dolfin that it would be closing Dolfin's accounts on 28 May 2021 (subsequently changed to 30 June 2021). Despite significant efforts by Company representatives, it had not been possible to source an alternative bank for the Company. In the event that Lloyds had closed Dolfin's accounts, it was doubtful that it would have been able to receive or pay any cash amounts, significantly adversely affecting the Company's ability to function.

It should be noted that Lloyds did not invoke closure on 30 June 2021 (and in any event some contingency plans had been put in place). On appointment, the JSAs opened an immediate dialogue with Lloyds. At the date of this report, a number of the Company's Lloyds bank accounts remain open. The ongoing co-operation of the Bank is appreciated given the current circumstances.

In addition, the Company faced challenges in obtaining continued and sufficient insurance coverage if it had not entered into an insolvency process.

Possible legal claims and related possible significant contingent liabilities

Dolfin management identified two matters giving rise to significant legal claims or possible contingent liabilities against the Company which had relevance to its solvency.

1. **Tier 1 Investor Visa claims.** A growing concern emerged for the Dolfin Board in relation to the Clients in the Remaining Client Book who had participated in the IFS. In giving its reasons for imposing the OIREQ, the FCA had explained in the FSN that it had identified serious concerns. Specifically, it appeared to the FCA that Dolfin had operated a scheme designed to enable its Clients to obtain a Tier 1 Investor Visa in breach of the Home Office immigration rules and therefore unlawfully.

As a result, the Board had taken the view that it would be inappropriate for Dolfin to continue to provide letters to Clients for onward transmission to the Home Office which gave an unqualified impression that assets held within a Client's portfolio meet the requirements of the Home Office's immigration rules for obtaining a Tier 1 Investor Visa. Accordingly, the Board concluded that the Company would not issue any further Home Office letters to relevant Clients. As result of the non-issuance of such letters the Board recognised that there was the possibility of claims being made against Dolfin; and

2. **Legal case.** Dolfin is a named party to certain proceedings, along with three other defendants claiming the sum of US\$11.43m and related costs on a joint and several basis. A strike out application was made by Dolfin and the other defendants in May 2021. However, on 1 June 2021 Dolfin was informed that the strike out application had not been successful. Therefore, the claim remains live, and Dolfin may also be made subject to an adverse costs order in relation to the strike out application.

Decision to apply for a Special Administration order

Following the imposition of the OIREQ in March 2021, the Board met regularly to assess the Company's financial position, to review the planned managed wind down, and the progress of the sale and marketing process.

The Board met on 1 June 2021 to consider the position and to take into account:

- The likely additional time and costs associated with the resolution of the Residual Client Book; and
- Dolfin's liabilities, accepted and contingent (including those actual and potential legal claims noted above)

The Board resolved that Dolfin was, or was likely to become, unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 and should be placed into Special Administration as soon as reasonably practicable.

Throughout, the Company has been advised by legal advisors, DWF Law LLP, and has obtained opinions from specialist financial services and insolvency counsel.

As a consequence of this decision:

- The FCA was informed and confirmed that it would provide the necessary approvals and communicate with the Bank of England;
- Britannia was informed and confirmed that it was committed to continuing with the Proposed Sale as soon as possible;
- DWF and counsel were instructed to take all necessary steps to facilitate the necessary Court application, including the preparation of the necessary witness statements; and
- S&W were to undertake the necessary work to facilitate the completion of the Proposed Sale shortly after the commencement of the Special Administration. This mainly involved work around the SA Reconciliation (which needed to be completed before a sale could be completed), negotiations with Britannia, and pre-planning for the Special Administration

The Company entered into Special Administration on 30 June 2021.

Involvement of Smith & Williamson

S&W's initial role with Dolfin commenced on 14 March 2021, following the issue of OIREQ by the FCA. S&W was engaged to work alongside the Dolfin Board to support a wind down of Dolfin's business following the intervention of the FCA, including a business and asset sale strategy in the context of a prospective solvent wind down.

The Company also instructed DWF, its retained solicitors, and specialist counsel to advise on the implications of the OIREQ and the FCA's stated reasons for imposing the OIREQ, including the Company's position in relation to Clients who had participated in the IFS referred to above.

The engagement included undertaking an accelerated extensive sales and marketing process to support an orderly wind-down of Dolfin's business by way of a transfer of part of Dolfin's Client book to a potential purchaser.

4. Objectives of a Special Administration

As highlighted earlier, the Objectives for the Special Administration are outlined in the Regulations and are as follows:

- **Objective 1.** To ensure the return of Client Assets as soon as is reasonably practicable;
- **Objective 2.** To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
- **Objective 3.** To either:
 - i. Rescue the investment bank as a going concern, or
 - ii. Wind it up in the best interests of the creditors

There is no hierarchy to these Objectives and the Regulations require that the JSAs commence work on each Objective immediately after their appointment, prioritising the order of work on each Objective as they think fit in order to achieve the best result overall for Clients and Creditors. Accordingly, the JSAs and their staff commenced work on achieving each of the three Objectives, in parallel, immediately following their appointment.

Further detail in respect of their activities undertaken in respect of each Objective is provided below.

5. Conduct of the Special Administration to date

5.1 Overview

The JSAs have, and will continue to, conduct the Special Administration in pursuit of the Objectives. Much of our work in the early weeks of the Special Administration has focussed on Objective 1. This section of our report focusses on what we have done in this regard as well as in pursuit of the other Objectives.

At the date of appointment, the Company was operating in a remote working environment and employed 27 staff. Following appointment, the JSAs have:

- Worked and engaged with the Company's existing staff for the purposes of safeguarding Client Assets and the systems and processes involved in this;
- Finalised the terms of the sale to Britannia and begun the work to effect the transfer of the relevant Client assets;
- Begun steps to devise suitable strategies for dealing with the Residual Client Book;
- Worked to conclude the SA Reconciliation;
- Consulted with employees and affected necessary redundancies;
- Taken control of all House Assets, Client Money and Custody Assets;
- Issued the requisite statutory notifications in accordance with the Regulations;
- Engaged brokers to ensure all requisite insurance policies remain in place; and

- Safeguarded the Company's books and records, to include taking a back-up of all Client data and Company documents

The above work provided a platform to pursue the Objectives of the Special Administration. Additional details in respect of the work undertaken in each regard is provided below.

5.2 Objective 1 – Returning Client Money and Custody Assets

We set out in the following sections, the main work which the JSAs have undertaken in respect of Objective 1.

5.2.1 Safeguarding all Client Money and Custody Assets

The Company's records indicated that, as at the date of Special Administration, the Company held Custody Assets with a value of approximately £1.032bn (as valued at close of business on 29 June 2021) and Client Money of circa £133m. Please note, the value of Custody Assets and Client Money will fluctuate with time as they remain subject to market forces and foreign exchange rates. These amounts are before the impact of the sale to Britannia (which completed on 12 July 2021).

Our principal focus has been to gain control of the assets and to commence the SA Reconciliation, including for the purpose of effecting the sale to Britannia.

To this end, the JSA retained key staff and sought to continue certain non-trading operations. We have also engaged two professional consultants, both with the necessary experience of banking systems, CASS and SAR, to assist the JSAs in completing the SA Reconciliation. The work undertaken to date has not identified any material discrepancies.

Custody Assets

According to the Company's records as at the date of our appointment, the Company held the Custody Assets totalling circa £1.032bn. A breakdown of the asset class and the respective quantum held (by value) is provided below.

In order to complete the SA Reconciliation and verify each Clients' position regarding the Custody Assets, we have taken steps to secure the ongoing use of the links to Euroclear UK & Ireland settlement system and re-establish the links to All funds, Aegon and KAS Bank N.V. which collectively held all the externally held Client Assets.

The firm has a number of holdings held in safe custody and these, along with the Client Money.

Custody Assets held by security type

Custody Assets	GBP Sterling
Bonds	812,635,032
Liquidity Funds	33,974,097
Equities	97,515,239
Futures	30,625
Mutual Funds	87,697,391
	1,031,852,384

Client Monies

Client Money		Local Currency	GB Sterling
Australian Dollar	AUD	665	360
Canadian Dollar	CAD	1,409,552	822,135
Swiss Franc	CHF	359,501	280,991
Czech Koruna	CZK	426,413	14,330
Euro	EUR	49,606,585	42,518,715
GB Sterling	GBP	34,669,992	34,669,992
Hong Kong Dollar	HKD	4,203	391
Norwegian Krone	NOK	48,280	4,056
Russian Rouble	RUB	10,151,266	100,346
Swedish Krona	SEK	9,451	799
Singapore Dollar	SGD	236,381	127,052
US Dollar	USD	75,218,979	54,384,339
			132,923,512

5.2.2 Sale to Britannia

Timeline

This represents a major activity. As the matter straddles both pre and post commencement of the Special Administration, the work outlined below deals with both periods.

S&W was engaged by the Company to support a business and asset sale strategy following the intervention by the FCA on 12 March 2021 as the intervention limited the ability of Dolfin to effectively manage Client holdings and positions.

In light of the restrictions, a proposal for an orderly wind down of the business was considered by management and this was communicated to the FCA which agreed in principle, and principally involved the prospective sale of some or all of the Dolfin business. This business was clearly affected by the existence of the OIREQ.

The timeline for undertaking and completing a sales strategy was impacted by an assessment of the financial position of the Company given its limited ability to generate and draw revenue together with the estimated funds and time required to implement any Client transfers under an orderly wind down process.

Management had communicated to all Clients, staff, the FCA and third-party stakeholders that Dolfin would be undertaking a controlled wind down of the business to enable Clients, where possible, to be transferred to new custodians or a purchaser(s).

An overview of the sale process is shown below:

Date	Stage/Action	Data
13.4.21	Teaser circulated	126 parties
14.4.21	Financial Times advert	-
-	Confidentiality undertakings (signed)	25 parties
-	Data room access	25 parties
-	Discussions with management	12 parties
-	Formal withdrawals from process	8 parties
30.4.21	Indicative offers received	4 parties
11.5.21	Best & final offers received	3 parties

S&W facilitated the following to enable interested parties to conduct limited due diligence before submitting best and final offers:

- Senior management discussions with the Chief Investment Officer, Chief Operating Officer and Chief Financial Officer;
- Provision of additional information including the remediation process and any legal proceedings;
- High level discussions with the FCA, given its consent would be required to undertake any transfer of Client Assets. Discussions were also held directly between interested parties and the FCA; and
- Meetings with the Dolfin heads of HR and compliance

A meeting of the board and senior management was held on 4 May 2021 to consider the four indicative financial offers submitted. Three offers were deemed to be of a sufficient level for the interested parties to participate in the next stage of the process. Consideration was also given to a party's ability to complete, hold or obtain the necessary regulatory permissions together with the assets included in an offer.

Three offers were received before the best and final offer deadline on 11 May 2021 following a small extension of time.

The best and final offers in conjunction with the points below were considered by non-conflicted directors of Dolfin:

- Ability to complete a transaction within a short period of time;
- Whether one or more parties should progress to detailed negotiations with Dolfin to execute a sale of the business and assets;
- Level of further due diligence to be provided and agreed;
- Discussions with the directors, senior management and employees;
- Discussions with the FCA:
- Any potential delay in an identified purchaser being able to execute a transaction due to regulatory concerns or approval;
- Likely timeframe to obtain any required consents to a sale;
- Underlying cashflow forecast and funding required to:
 - Facilitate completion of proposed sale(s) and transfer;
 - Holding costs of any retained/unsold Client Assets;
 - Mitigation of any contractual liabilities; and
 - Strategy for dealing with Client positions not capable of being sold or of being transferred to new custodian(s)

The board, having sought the views of a number of stakeholders including the FCA, granted preferred bidder status to Britannia. Negotiations were progressed by the board and senior management to finalise a sale. As outlined in section 3, following a subsequent decision by the board to apply for a Special Administration order, the proposed JSAs sought to finalise the negotiations before the making of any Special Administration order.

The negotiations continued following the appointment of the JSAs on 30 June 2021 and a final agreement was signed on 5 July 2021. Completion of the sale was conditional upon a number of matters, specifically the completion of the SA Reconciliation and therefore work had started in June on the reconciliation.

The sale was completed on 12 July 2021.

Statement of Insolvency Practice 16 - Pre-packaged sales in administrations ('SIP16')

The majority of the aforementioned sales negotiations were undertaken prior to the appointment of the JSAs. Such an order of activity is consistent with a 'pre-pack administration sale'. For an administration under the Act (as distinct to under the SAR), there are certain protocols and disclosures required by the duly appointed insolvency practitioner. These are outlined in SIP16. The JSAs have sought legal advice and can confirm that this sale under the SAR does not require compliance with SIP16.

Nevertheless, the JSAs have sought to adhere to the spirit and guidance contained within SIP16.

Accordingly, this document and this section (5.2.2) sets out information, wherever possible, as required by SIP 16.

Please note that Britannia was not a connected party as defined under s249 and s435 of the Insolvency Act 1986. We are not aware that any of the Dolfin statutory directors, former directors (or their associates) are

involved in the management, financing, or ownership of Britannia. We note there was an arms-length commercial agreement in place between the parties in relation to the provision of sub-custody facilities to Dolfin.

Valuation of the business

Metis Partners Limited (“Metis Partners”) was instructed by Dolfin on 3 June 2021 to provide an intellectual property opinion on the value of the assets of the Company.

Metis Partners is recognised as a leading independent valuer of IP assets. Metis Partners has provided valuation advice on more than 1,000 IP transactions and, as a result, is acknowledged as the market leader in IP valuation in UK and Europe. Metis Partners has significant experience in brokering the sale of IP assets from both insolvent and distressed scenarios and as a result was in a position to offer unique insight into the impact of financial distress on the value of the Company IP assets.

The opinion was sought to enable the Company to appraise offers that had been received for the Company’s assets. The valuation was prepared on an ‘in-situ’ basis; reflecting the estimated amount that could reasonably be expected for the sale of the Client portfolio, in a privately negotiated sale, properly advertised, and professionally managed, by a seller obligated to sell to accelerated timescales, typically assumed to be a period of no more than three months from the date of the valuation.

The Company also required the opinion in order to identify the key IP assets of the Company and estimate their likely value in an insolvency scenario. Metis was aware of the financial distress of the Company at the date of the valuation and the likelihood of it entering a formal insolvency process.

Metis Partners valued the Company’s IP assets on an in-situ basis between £518k-£777k. The independent valuation of the Company’s IP assets was provided on 11 June 2021.

Key Assumptions on the basis of Valuation

Metis Partners took account of the following significant factors that, in its opinion, would likely influence both the value of and any future sale of the Company’s IP assets:

- The likelihood of the customer relationship managers transferring with any sale of the IP assets and as a result Client retention would be expected to be high based on observed Client behaviour in the sector;
- The Client contract could be transferred to a third-party, provided that Clients were provided with 20 days’ notice prior to a transfer being undertaken;
- The restrictions that the FCA had placed on the Company’s ability to engage in regulated activity, and the resulting limitations on Clients’ ability to invest or withdraw their funds led to a significant number of Clients seeking redemption/transfer of their holdings in order to withdraw their funds;
- Should customers complete the withdrawal requests when able to do so, a prospective purchaser would receive fewer Clients and retain a reduced level of AUM, which would limit the scope for commercialising the IP assets;
- A prospective purchaser would be likely to incur additional expense in order to monetise an element of the Company’s IP assets;
- The Company’s ability to generate revenue was dependent upon its customer relationship managers who would be critical in attracting and retaining Clients. In the event that customer relationship managers were to separate from the IP assets this could result in a diminished value of AUM

Metis Partner was paid the sum of £9,500 plus VAT to provide the valuation opinion to the Company.

Metis has confirmed its independence in carrying out the valuation and that it had no actual or perceived conflict of interest. Metis’ advice is governed by Scottish Law and it has provided a copy of its professional indemnity insurance which the JSAs confirm is adequate. The Metis valuation team comprised three chartered accountants.

Alternative to a sale

The following courses of alternative action were considered prior to the JSAs’ appointment and the sale to Britannia:

Do nothing. It was concluded that to do nothing would be extremely detrimental to the business and that enforcement action by creditors against the Company or regulatory intervention would in all likelihood ensue.

This would have almost certainly resulted in the Company running out of capital and also may have resulted in a winding-up petition being presented although such action is temporarily suspended but only in the short-term, severely diminishing the value of the Company's assets, including any value attributable to Client portfolios (which require constant upkeep to preserve its value). There was also a risk of the directors trading the Company whilst insolvent, albeit this was very recently suspended.

Refinance: As the Company was not generating any revenues and was subject to the OIREQ, the ability to refinance was deemed unlikely to succeed. The support of the FCA, including in respect of negotiations with significant creditors, would likely be required to successfully pursue this outcome, and such support was deemed unlikely given the OIREQ position.

Continue trading via a Company Voluntary Arrangement ('CVA'): CVA is a formal procedure which enables a company to compromise its liabilities to unsecured creditors, subject to an affirmative vote of 75 per cent by value of creditors voting in favour of the proposal, with the principal aim of rescuing the company as a going concern.

A CVA was not deemed to be a viable option given the OIREQ and ability of the Company to generate revenues.

Trading Dolfin in administration: A trading administration is where a Company is placed into administration and continues to trade under the control of the administrator. Whilst the directors remain in office, their powers would cease upon administration.

A trading administration would allow an administrator to market the business for sale as a going concern whilst continuing to trade the Company. This would have been an appropriate route if the Company needed the protection of administration whilst a buyer was sought, and there was sufficient funding in place to permit it (which was not the case here). A full marketing process had been undertaken (see earlier) without the Company being in administration that has resulted in a suitable purchaser being found for the business which maximising the value obtained for the business and saved significant costs which ultimately benefits creditors as a whole. It was therefore not deemed necessary to trade the business in administration and offer it for sale as a going concern during the administration.

The Corporate Insolvency and Governance Act 2020 (the 'Act'): The Act introduced a new standalone moratorium procedure for companies and other entities in financial difficulty with effect from 26 June 2020 to allow the rescue of a company. The moratorium is part of a package of significant legislative reforms contained in the Act, intended to enhance the UK's restructuring rescue culture. These were originally consulted on between 2016 and 2018 and were fast-tracked to deal with the COVID-19 pandemic. In this instance, it was considered that the procedure was not appropriate as it would not be possible to rescue the Company as a going concern in light of the OIREQ and limited revenue generation.

Creditors' Voluntary Liquidation ('CVL') and subsequent forced sale of the Company's assets: A CVL is a procedure in which a company's directors having considered its financial position recommend to its members that they resolve to place it into liquidation and appoint a liquidator. Based on the available information, it appeared that despite the ongoing issues, there was a viable business which could be salvaged, especially given the value of the Company's Intellectual Property. As such, it was concluded that a liquidation process would not maximise realisations for the Company's creditors as a whole and therefore would not be the most appropriate procedure. The same logic is deemed to apply to a **compulsory liquidation process**.

Key Terms of the Sale

A summary of the key terms of the sale between the Company are:

- Assets expressly included in the sale:
 - Certain Client contracts;
 - Part of the Client database in relation to those Clients whose contracts were transferred; and
 - Certain business records
- Assets expressly excluded from the sale:
 - Business as a going concern;
 - Physical assets;
 - Systems;

- Cash;
- Excluded Client contracts; and
- Liabilities, including any arising from litigation or contingency claims
- The consideration payable under the terms of the sale:
 - £600k - payable on completion (received)
 - £600k - maximum deferred consideration payable
 - As part of the negotiations, no security has been granted in respect of the deferred consideration

The sale agreement was for certain assets only and was therefore not a sale of the business as a going concern. Included in the sale to Britannia were in excess of 450 Client positions. In the communication to Clients affected by the sale, Clients were offered the option to either opt out of the transfer to Britannia, apply for an early transfer to Britannia or, with effect from 10 August 2021, to automatically transfer under the Dolfin terms and conditions.

The sale has therefore achieved:

- In excess of 450 Client positions being transferred unless specific opted out instructions were received;
- Completion consideration of £600k (received);
- Mitigation of certain contractual liabilities;
- Reduction in costs that would, otherwise, have been required to deal with all Client positions in the SAR; and
- No objection to the sale by the FCA

In respect of the Residual Client Book, the JSAs have sought expressions of interest. An update on the process will be provided at the Initial Meeting on 2 September 2021.

5.2.3 Reconciling the Client Money and Custody Assets – the Special Administration reconciliation

The SA reconciliation was integral to ensuring the proposed sale to Britannia could proceed. As for the Britannia sale, although much essential work was undertaken prior to 30 June 2021, it continued in the days after the commencement of the Special Administration and was completed on 12 July 2021.

Please note that the SA Reconciliation did not include Clients with holdings held with third-party custodians. The third-party custodians had served notice and terminated the underlying contracts with the Company. The JSAs have no visibility on these accounts.

Smith & Williamson used in house support from Tilney as it was efficient and helped to minimise additional costs. In this case it was also important that the work started promptly once the directors had concluded that Special Administration was unavoidable. Using S&W team liaison and Dolfin's enabled the process to begin at short notice. The objective was to ensure the accuracy and completeness of the Dolfin reconciliations ahead of the appointment of the JSAs.

The main focus of the activity was to identify any Client shortfalls through a validation of the reconciliations performed by Dolfin. The team did not have direct access to Dolfin's core systems or records, so the review was carried out by validating the reconciliations and supporting bank/custodian statements supplied by Dolfin.

The reconciliations and accompanying statements were supplied for the end of business on 3 June. The main focus was to agree the integrity of external reconciliation, which compared the firm's own books and records to those held by the banks and custodians. Validations were then performed on the Internal Client Money Reconciliation ('ICMR'), the Internal Custody Reconciliation ('ISEM') and the CMAR.

Phase 1. A number of ancillary documents were requested and obtained to support the review and provide additional reference points/integrity checks. These included:

- CMAR - Regulatory Return for April 21 required to confirm the "CASS footprint" for Dolfin
- Acknowledgement Letters - Letters confirming the bank accounts where Client Money was held
- Draft report of the Annual CASS Audit Opinion (2019); and
- Ancillary Reconciliations/data exports to support the integrity of the main reconciliations

Questions and queries were raised with the Dolfin management through email exchanges and online meetings. The complexity of the CASS footprint meant the familiarisation and knowledge acquisition was a material aspect of the work undertaken.

Phase 2. Reconciliation to an interim date potentially expected to be the appointment date. Reconciliations and accompanying statements for the end of day position on 21 June were provided together with transactional data since the original reconciliation review from 3 June. It was known that there would be a further roll-forward required once the date of Special Administration was confirmed by the High Court.

Phase 3. The final reconciliation to 30 June was completed, rolling forward from the previous date completed, and adjusted to allow for Q2 Custody fees.

The final 30 June reconciliation was adjusted post-event for certain Q2 Custody fees.

On conclusion of the process, the Tilney team, in collaboration with the JSAs, confirmed that it was confident in the integrity of the reconciliations and did not identify any material Client shortfalls. Where there were immaterial discrepancies identified, these were interrogated with the Dolfin employees, and explanations verified.

If Client Money and Custody Assets were to be transferred to a new broker and/or otherwise distributed to Clients, solely on the basis of the Company's records, without further processes and verification being completed first, Clients could be exposed to risks from competing claims in the future. Competing claims may arise from other Clients or third parties who may argue that the Company's records were not correct or Clients might not receive what they are entitled to.

5.2.4 Segregating Client Money received following the PPE

Dolfin holds a significant number of Client accounts, across multiple currencies, some of which hold very small sums. We are in the process of setting up separate segregated accounts as required, particularly following the Client transfers to Britannia. In the meantime we continue to undertake daily reconciliations of Client Money and are accounting for all corporate actions.

5.2.5 Implementing lines of communication with the Clients and intermediaries

As well as writing to all known Clients by post and by email, using the contact details provided by Dolfin, the JSAs set up a dedicated website for key communications at <https://smithandwilliamson.com/dolfin-financial/>. Following this, we approached a number of the main Client introducers to ensure they were aware of the SA and the potential implications for their Clients. This website is intended to be used going forward for all updates to Clients and Creditors, rather than Dolfin's own website.

Dedicated email addresses and a phonenumber were also set up to ensure that Clients and other parties could send enquiries to the JSAs and that these could be dealt with promptly.

We also ensured that Dolfin's own website was updated to confirm the JSAs appointment and to redirect Clients and other parties to the above dedicated website.

Finally, recognising that a large proportion of the Clients were Chinese, the main communications were translated into Mandarin, using both an external translation service and the Company's own relationship managers with the relevant language skills. The JSA's team have also reached out to certain intermediaries and will continue to do so.

5.2.6 Maintaining critical operations whilst reducing the Company's cost-base

As the Company was engaged in a winding down process prior to the SA, efforts were already underway to reduce the cost base. As part of the wind down plan, a number of employees had already been made redundant prior to the JSAs' appointment.

The Company's employees were informed of the JSAs appointment. All employees were initially retained pending the completion of the proposed transfer to Britannia and further analysis of the JSAs' resourcing requirements for the Special Administration as a whole. Following completion, the remaining employees were made redundant by the JSAs on 12 July 2021.

To assist the JSAs, a number of former staff have been engaged on a consultancy basis. This is intended to ensure that key operations can continue including around Client transfers and achieving Objective 1.

5.2.7 Engaging third-party experts

The JSAs have engaged a number of third-party experts and professionals with prior relevant CASS and SAR experience. Further details are given later in this report.

5.2.8 Safeguarding the Company's IT and data systems

The JSAs have consulted with key members of staff and retained the former head of IT on a consultancy basis to safeguard and maintain the Company's bespoke IT systems and data sources required to achieve the Objectives of the Special Administration.

In addition, our forensic services department has taken a secure back-up of the Company's network and servers, which includes the entire Client database.

5.2.9 Collating requests for early transfer and opt outs and liaising with Britannia and other parties to facilitate transfers to Britannia

Communications were sent to all Clients eligible to transfer to Britannia, inviting them to request an early transfer or to opt out. In the absence of either of these requests, steps have been taken to undertake an automatic transfer.

This was also publicised on the dedicated website <https://smithandwilliamson.com/dolfin-financial/> and Britannia relationship managers also approached their Clients to ensure the messaging was clear and understood. This resulted in a number of additional enquiries and requests for further copy papers, partly due to out of date or incorrect email addresses being provided to the JSAs.

This work will continue in the coming weeks.

5.2.10 Exploring a potential transfer of the remaining Custody Assets and Client Money to another provider

This will be a significant activity for the JSAs going forward.

Following legal advice and discussions with the FCA, the JSAs are intending to undertake a further marketing campaign of the Residual Client Book. There is the possibility that a suitable party can be sourced to take the whole or at least some of the Residual Client Book for value. This has the prospect of generating additional monies which will benefit the SAR and potentially give rise to a cash distribution to Creditors. Nevertheless, such a transfer may face challenges including those around regulatory sanction.

Any reader of this report who wishes to express any interest should contact the JSAs immediately.

Further information on the marketing campaign will be provided at the Initial Meeting.

5.3 Objective 2 – engagement with market infrastructure bodies and the Authorities

The JSAs have engaged with a number of market infrastructure bodies, and we comment below on two key stakeholders.

5.3.1 Financial Conduct Authority

The FCA was consulted by both the Board and S&W extensively prior to the appointment of the JSAs. The FCA indicated that it would not object to the appointment of the JSAs and did not wish to make representations at the hearing at the Court on 30 June 2021.

The JSAs have continued to liaise extensively with the FCA following their appointment and will continue to do so in relation to the progress of the SA Reconciliation, regulatory compliance matters, the potential sale of business or transfer to an alternative nominated broker, statutory reporting requirements and the overall strategy for achieving the statutory Objectives of the SAR.

The JSAs have held and continue to hold regular calls with the FCA.

The Company remains an FCA authorised entity. Most of the terms of the OIREQ noted in section 3, were lifted by the FCA with effect from 1 July 2021.

5.3.2 Financial Services Compensation Scheme

Shortly following their appointment, the JSAs contacted the FSCS with regard to the ability of Clients to claim compensation and the related process which surrounds this in the event there is a shortfall in the Custody Assets or Client Money. The JSAs continue to work closely with the FSCS to ensure Clients' interests are protected and to assist the FSCS, where appropriate, as regards any entitlements to compensation that Clients may have. Work is also being undertaken to provide the FSCS with information required for it to decide

whether the FSCS protection is likely to apply. The JSAs have held and continue to hold regular calls with the FSCS.

Background to the FSCS. The FSCS is an independent body created under the Financial Services and Markets Act 2000 (“FSMA”). It has operated since 2001, having replaced a number of different schemes that were in operation prior to 2001.

The FSCS exercises the functions that are conferred on the FSCS by Part XV of FSMA dealing with compensation. The FSCS is the UK’s statutory compensation fund for the customers of most failed financial services firms. The FSCS will only pay claims if a firm (or a successor) is authorised by the FCA or the Prudential Regulation Authority (“PRA”), and is unable or likely to be unable to meet claims against it because of the firm’s financial circumstances.

The FSCS is obliged to determine claims submitted to it under the rules set for it by (1) the FCA, which are contained in the Compensation Chapter of the FCA Handbook and (2) the PRA, which are contained in the Policyholder Protection Rules and the Depositor Protection Part of the PRA Rulebook. Broadly, claims relating to insurance, investment products, deposit-taking, mortgage and home finance broking and general insurance broking potentially fall within the scope of the FSCS compensation. The specific products covered by FSCS are set out in the above stated rules.

Compensation limits. The FSCS will only pay compensation if the FSCS is satisfied that the Client’s claim meets the qualifying conditions for paying compensation, as set out in the rules stated above.

For eligible claims, the FSCS can pay up to £85,000 in compensation per claimant. If claims are paid by the FSCS, the FSCS will then assume those Clients’ claims against the Company. Further detail regarding the FSCS compensation can be found above online at www.fscs.org.uk.

The FSCS has asked to highlight that given its ongoing investigations, the FSCS cannot, at this present time, conclude whether or not the FSCS protection exists for Dolfin Clients. The FSCS will provide further updates on its website:

<https://www.fscs.org.uk/failed-firms/dolfin/>

We recognise that the outcome of the FSCS decision will be of great interest to Clients, and accordingly the JSAs are seeking to respond to any FSCS queries as quickly as possible.

5.4 Objective 3 – Rescue the investment bank as a going concern or wind it up in the interests of its Creditors

As a result of the Company’s indebtedness and the previous restrictions on trading arising from the OIREQ, the JSAs do not consider it possible to rescue the Company as a going concern and/or effect a sale of its shares. Accordingly, the JSAs have focussed on winding up the Company’s affairs in the best interests of its Clients and Creditors.

Work undertaken to date includes:

- Making all non-retained staff redundant and assisting staff with applying for their statutory entitlements;
- Liaising with trade Creditors (i.e. Creditors that are owed money for services provided to the Company as opposed to Clients whose assets were held under the Company’s administration) and providing guidance on their own positions and the statutory process for claims;
- Issuing statutory notices of appointment as required by the Regulations and Rules (please note that we are in liaison with Companies House to ensure that their public records are updated to actually reflect that Dolfin is in special administration);
- Implementing relevant insurance policies for the business and the House Assets; and
- Securing physical assets and liaising with Rabbows, who were instructed by the Company prior to the JSAs appointment, to provide an inventory and valuation of said assets

The orderly winding down of the Company will be undertaken by way of a phased series of events and will not be completed until such time as Objective 1 has been achieved. This is because until all Client Assets have been returned, the Company’s operations which are critical to achieve Objective 1 need to remain in place.

6. Financial position at the date of Special Administration

6.1 Directors' Statement of Affairs

In accordance with the Regulations, the directors of the Company are obliged to prepare a statement of the Company's financial position as at the date of the Special Administration, known as the SOA, for filing at the Registrar of Companies.

Following a request for an extension of time in which to prepare the SOA, we have requested that this document be provided by 27 August 2021.

At Appendix V, we provide an estimate of the Company's financial position as at 30 June 2021 which has been derived from the Dolfin draft management accounts as at 30 June 2021 (the "management accounts") and supplementary books and records. We have provided further commentary in respect of the estimated House assets and liabilities below.

Please note, the estimated financial position does not provide for the associated costs and expenses of the Special Administration.

6.2 House Assets

Immediately upon our appointment we reviewed the Company's financial position with a view to identifying all House Assets that may be realised in the administration estate for the benefit of its Creditors. House Assets are those owned by the Company as opposed to those held on trust for its Clients.

According to the Company's draft management accounts as at 30 June 2021, the Company held the following assets.

6.2.1 Office furniture & IT equipment

As Dolfin had implemented a remote working policy and the majority of the office furniture was not in use. The Company had engaged, Rabbows, a professional firm of chattel agents, to seek a buyer for the surplus office furniture and residual IT equipment.

Rabbows was successful in completing a sale prior to the JSAs' appointment. The sale proceeds, £17,000 plus VAT, were paid by the purchaser on 5 July 2021 into the Company's former bank account with Lloyds. This is shown as a separate account within the Receipts and Payments Account.

There are an additional 40 laptops, either currently in use by the staff retained on a consultancy basis, or in the possession of former staff. We are in the process of collating the laptops and will instruct agents to dispose of these in due course to the extent that is cost beneficial to do so.

The book value and realisable value of the laptops is difficult to determine but is unlikely to be material. The total book value of IT equipment shown in the management accounts, including items already sold, was c£50k.

6.2.2 IT Software

The management accounts confirm IT software with a book value of circa £17,538 which relates to bespoke software developed by the company. This is unlikely to have realisable value.

6.2.3 Investment in group undertakings

A full list of the subsidiary interests is provided at Appendix II (together 'the Subsidiaries'). It is understood that the Subsidiaries were dormant. In the case of two companies (Structured Investment Capital Ltd and Greenshoots-SIG Ltd) the records at Companies House indicate these entities were dissolved on 10 August 2021.

The JSAs are reviewing the position of Dolfin Financial (Nominees) Ltd to ascertain any value attributable to the company and the extent to which (and for how long) it may be appropriate for it to be financially supported by Dolfin. This company remains under the jurisdiction of its director until such time as it enters into an insolvency process or is dissolved.

6.2.4 Debtors

6.2.4.1 Client Debtors

The management accounts show Client debtors with a book value of c£3.5m which relates to fees and other charges levied on Client assets. It is unclear how much of this will be recoverable, however some smaller debtors have already settled their debts as part of the process of transferring to Britannia.

Included within this are a small number of very significant debts and these will be pursued vigorously by the JSAs. We have engaged the former CFO on a consultancy basis to assist the JSAs in this respect.

6.2.4.2 Inter-company Debtors

The management accounts show inter-company debtors with a book value of c£1.3m and a corresponding inter-company creditor liability of c£327k. This requires further analysis to establish the precise nature of these figures and, where possible, the JSAs will be looking to recover the balance of these funds in full.

6.2.4.3 Employees

The management accounts show employee loans and other unpaid costs/expenses totalling £11,815. It is uncertain whether these loans will be repaid in full to the administration estate.

6.2.4.4 Trade and other debtors

The management accounts confirm trade debtors with a book value of circa £50k as at the date of the JSAs' appointment. We are currently working with the Company's management team to maximise realisations in this regard.

6.2.5 Accrued Income

The management accounts show accrued income of c£24k as at the date of the JSAs' appointment.

6.2.6 Cash at bank (House accounts)

According to the management accounts, cash at bank is shown as c£1.8m which we understand comprises a combination of house cash and cash retained for transaction charges. When reconciling this figure with opening cash balances in the Dolfin House bank accounts at Appendix IV there is a difference of circa £15k which we understand is due to different currency exchange rates used.

As shown in the Receipts and Payments account at Appendix IV, to date we have realised £1,491,247 plus USD \$53,733 from Lloyds accounts. The £3,938 BUPA & Denplan repayments and £17,000 chattel assets sale proceeds will be transferred from the Lloyds account to the JSA's House account in due course, a balance of circa £40,000 will be retained to cover any custody fees/transaction charges payable from that account.

As at 30 June 2021 the USD equivalent balances in the BNY Mellon accounts amounted to \$276,376, of which \$36,765 has been utilised to pay custody fees. There will be further custody fees to be paid from these accounts.

The balance in the other House bank accounts operated by the Company as at the date of the JSA's appointment are shown in Appendix IV. Since the commencement of the Special Administration there have been no payments from these accounts.

6.2.7 Cash at bank (margin)

This represents an account used to pay for transaction charges. The management accounts show a value of c£4.5k as at 30 June 2021. This is not expected to be realisable if required to cover additional charges specific to certain Clients.

6.2.8 HMRC – VAT recoverable and Corporation Tax repayments

According to the management accounts, the company is owed VAT of c£120k and additional tax owing of c£30k. It is anticipated however that HMRC will apply crown setoff to deduct this sum from any secondary preferential and unsecured claims they have against the Company. As a result, this is likely to be setoff in full and no realisations are anticipated.

6.2.9 Artwork

The Company's management accounts referenced items of art owned by the Company with a book value of c£62k. These items are currently in the possession of the agents Rabbows. We are currently considering the

most appropriate sales strategy as two of the pieces of artwork are unusual and the Company's management team believe they could be worth in the region of £50k.

6.2.10 Trademarks

The Company held trademarks and domain names for the Company's use, which included registered trademarks with the Intellectual Property Office, being 'dolphin'.

Such trademarks and domain names were valued in the financial and management accounts at nil. It is anticipated some value may be realised for these assets as part of any sale of business. Any interested parties should contact the JSAs.

6.2.11 Client Book

As detailed in section 5.2.2, a sale of certain Company assets has been agreed with Britannia for an initial consideration of £600k and deferred consideration of up to £600k. This is not separately identified in the management accounts and so has a book value of £0 but has been recorded on the estimate of the Company's financial position with a value of £600k to reflect the known sale value.

The value, and any consideration, from a sale of the residual Client book (i.e. those Client accounts not transferring to Britannia) is at this stage uncertain and will depend on the outcome of marketing process.

6.3 House Liabilities

6.3.1 Secured creditors

There are no known secured creditors.

6.3.2 Ordinary Preferential creditors

Employees

The Company's ordinary preferential creditors are estimated to be £195,095 comprising arrears of wages and any element of a Protective Award that may relate to the four-month period prior to insolvency (a maximum of £800 per employee) and all accrued but untaken holiday at that date. This is reflected in the Company's books and records and will be subject to adjudication.

Such claims are first met and paid (up to certain statutory limits) by the RPS, a government department within the Department for Business, Energy and Industrial Strategy, who will then have a subrogated preferential claim in the Special Administration.

Preferential claims in respect of arrears of wages are capped at £800 per employee in the administration. Any amount in excess of this will be classified as an unsecured claim. Any holiday pay owing in excess of the statutory limit applied by the RPS will form part of the employee's residual preferential claim.

ERA Solutions were engaged to assist with the submission of employee claims and have been predominantly dealing with employee queries relating to the claims process.

The estimated financial position of the Company at 30 June 2021 includes potential preferential liabilities in respect of all former employees.

In addition, employee pension contributions estimated at £4,631 are a preferential claim.

6.3.3 Secondary Preferential creditors

HM Customs & Excise

We have received a proof of debt form from HMRC indicating that the value of the Company's secondary preferential creditors is estimated to be a maximum of £170,014 which comprises HMRC's claim in relation to outstanding taxes 'paid' by employees and customers of that business. These include Pay As You Earn (PAYE) (including student loan repayments), Value Added Tax (VAT) and employee National Insurance Contributions (NICs) deductions.

It is important to note that there is no cap or time limit on what HMRC can recover in respect of the above.

The secondary preferential creditors will only be entitled to receive a dividend after all ordinary preferential creditors have received 100p in the pound (£). HMRC will continue to be an unsecured Creditor for corporation tax and any other taxes owed directly by the Company (e.g. employer National Insurance Contributions).

6.3.4 Unsecured creditors

Unsecured Creditor claims are broadly split into three categories:

1. Client shortfall claims, which arise from any shortfall of Client Money or Custody Assets;
2. Client claims in respect of breach of contract or negligence;
3. Ordinary unsecured creditors, which include the claims of trade creditors, HMRC and employees' non-preferential claims (to include the subrogated claim of the RPS and any employees with residual unsecured claims). In addition, as noted above, this may include any claim made by the FSCS.

Until the formal agreement of Clients' claims has been concluded and the process for distribution or transfer of Client Assets is further developed, the JSAs are unable to provide an estimate of the total amount of the Company's unsecured debts. The estimated Financial Position of the Company as at 30 June 2021 at Appendix V estimates total unsecured non-preferential claims of approximately £3.8m. However, this does not include any Client claims that might arise from the current inability to transfer Client assets.

The Company's Clients (as per categories one and two above) may have recourse to claim compensation for any shortfall in Client Assets or breach of contract or negligence through the FSCS subject to eligibility and the overall statutory limit of £85,000 per claimant. At this stage, the JSAs are unable to estimate the extent of any compensation which may be available. The FSCS will, however, be entitled to submit a subrogated unsecured claim in respect of any compensation paid to the Clients for any shortfall claims.

Employees will have unsecured claims in relation to any wage claims in excess of what is preferential, together with pay in lieu of notice and redundancy pay. The estimated financial position of the Company at 30 June 2021 includes potential unsecured claims in respect of all former employees.

6.4 The Prescribed Part – does not apply

The Regulations and Rules provide that, where a company has granted a floating charge either on or after 15 September 2003, there is a provision for a share of the Company's net property to be set aside for distribution to unsecured creditors in priority to the floating charge holder. These funds are referred to as the Prescribed Part. For these purposes, net property is defined as being realisations from assets subject to floating charges after the associated costs of realisation and after settlement of preferential claims. It is anticipated that the Prescribed Part will not apply to this Special Administration as there is no secured creditor.

7. Joint Special Administrators' receipts and payments

A summary of our receipts and payments from the date of our appointment on 30 June 2021 to 6 August 2021 is attached at Appendix IV. The summary is largely self-explanatory, however, we would comment in respect of the significant receipts and payments as follows:

7.1 Receipts:

7.1.1 Cash at bank

This represents the sums collected from Lloyds Bank. Certain residual balances remain with the Company's existing bank accounts and a table is provided in Appendix IV. Ultimately, these accounts will be closed and the net balance transferred to the JSAs' designated bank accounts.

7.1.2 Debtors

This represents Client debtor payments collected since the JSAs' appointment. These corresponded with sums owed by Clients who are transferring to Britannia.

7.1.3 Sale proceeds

As set out in section 5.2, this represents the completion payment due under the sale agreement to Britannia.

7.2 Payments

As noted in the notes accompanying the Receipts and Payments account, the costs and payments incurred to date are chargeable to objective 1.

7.2.1 Wages and salaries

Payments showing on the Receipts and Payments account as Wages & Salaries, PAYE & NI and Pension contributions reflect the sums payable in the period 30 June 2021 to 12 July 2021.

7.2.2 Consultancy Payments

In order to achieve Objective 1, it has been necessary to maintain critical operations and retain a number of the staff on a consultancy basis to assist with the process. The following payments have been made to 6 August 2021:

- Incentive payments - £135,000
- Monthly pay - £43,058

In addition, we have engaged another individual not connected to the Company or former employees, who has specific experience of CASS reconciliations, to assist with the ongoing daily reconciliations and processing of corporate actions and other matters.

7.2.3 Agents' fees and expenses

We have engaged a number of agents to assist in achieving the Objectives of the Special Administration. Further detail in respect of the agents and professional advisors engaged is included at section 12.3.1.

7.2.4 IT Suppliers

To ensure continuity of service, particularly in relation to the JSAs ability to both reconcile Clients Assets, it was necessary to retain a number of critical IT suppliers.

A total of £1,171.84 plus VAT has been paid to IT Suppliers to date.

7.2.5 Ransom payments

In order to ensure continuity of service, a small number of Creditors were paid in full as without these payments, there was a significant risk that the JSAs would be unable to continue operations. These relate to an IT supplier, a fund platform and legal advisor dealing with ongoing employee matters.

7.2.6 Stationery and postage

These costs have been managed in house by S&W.

8. Investigations

As part of statute, the JSAs are required to investigate the affairs of the Company and the conduct of any director or shadow director in the three years preceding the Special Administration. A report is then made to the Department for Business, Energy & Industrial Strategy, in accordance with the Company Directors' Disqualification Act 1986. The contents of this report are confidential.

In addition, the JSAs have a duty to investigate historic transactions and identify whether any may give rise to any claims against third parties which may result in additional recoveries to the administration estate. These transactions may be:

- Transactions at an undervalue (Section 238 of the Act);
- Transactions which are preferences (Section 239 of the Act); and
- Transactions to defraud creditors (section 423 of the Act)

Our investigations are at an early stage at present. Should any Clients or Creditors have any information that might assist us with our investigations, we request that you provide that information to us as soon as possible. We have already received certain information, for which we are grateful, and are currently reviewing.

A questionnaire, titled 'Creditors questionnaire' is available for download at <https://smithandwilliamson.com/dolfin-financial/>.

We are also liaising with the FCA in respect of certain investigatory matters and ongoing enforcement matters.

9. Estimated outcome for Creditors

9.1 Creditors

9.1.1 Secured creditors

There are no known secured creditors.

9.1.2 Preferential creditors

Preferential creditors are ordinarily employees with outstanding entitlements for arrears of salaries and accrued holiday pay (within certain limits prescribed by the Act) and the RPS for subrogated claims in this regard.

Based on current information, preferential claims and secondary preferential claims against the Company are currently estimated to be at least £370k, however, it is too early in the process to advise on the dividend prospects of such creditors. Any potential distribution will depend upon the level of realisations of House Assets to the administration estate and the associated costs of such realisations and the pursuit of Objectives 2 and 3.

9.1.3 Ordinary unsecured creditors

Dividend prospects for the unsecured creditors will depend upon the level of realisations of House Assets to the administration estate and the associated costs of such realisations and the pursuit of Objectives 2 and 3. We are unable to comment on the dividend prospects with any certainty until the marketing and potential sale of the business is concluded.

9.2 Clients

There will be a material return to Clients in respect of their Client Assets, but the precise level of return for each Client will depend on:

1. The level of any related Client Money and Custody Asset deficiencies (N.B. the SA Reconciliation has not identified there to be any material deficiencies based on work completed to date);
2. The costs of the Special Administration in pursuing Objective 1; and
3. The eligibility of Clients to receive compensation for such deficiencies and costs from the FSCS up to a maximum of £85,000 per Client. We are working closely with the FSCS to identify whether Clients are eligible for compensation (which as noted elsewhere is subject to a limit of £85,000).

9.3 Other Matters

Claims Management Companies ('CMCs')

The FSCS has published information on CMCs and a link to their website can be found here:

<https://www.fscs.org.uk/how-we-work/customer-info/cms/>

As noted on this site, it is completely free to make a claim for compensation with FSCS if you claim with them directly.

SCAMS - stopping fraud

Where financial firms enter administration, fraudsters may sometimes approach investors claiming to be able to recover their investment in return for an advance fee. Sometimes the fraudsters claim to be from the company or the administrators' office. You should be wary of any unexpected call, email or other contact which asks you for money in this manner. There are many signs of fraud, some more obvious than others. Most commonly they will involve:

- A cold call
- A mention of 'guaranteed returns'

- A request for an upfront payment
- An email address that is filled with random numbers or is misspelt
- A company that is not regulated by the FCA - check the FCA's register

Scammers can also use the name of a legitimate firm to try and get you to part with your money. Always check the FCA register <https://register.fca.org.uk/s/> for any warnings about cloned firms. FCA guidelines are available at:

www.fca.org.uk/consumers/protect-yourself-scams

Clone websites - beware

Please note that the Dolfin's Special Administration webpage is www.smithandwilliamson.com/dolfin-financial and this is the only webpage currently on which the JSAs will be posting updates and relevant information. Should this position change we will notify parties accordingly.

10. Duration and exit of the Special Administration

Unlike administration, a Special Administration does not automatically end after 12 months.

Once the JSAs consider that the Objectives of the Special Administration have been met it will be concluded by either:

1. Putting forward Proposals for a CVA with a view to rescuing the investment bank as a going concern; or
2. Making an application to the Court under paragraph 79 of Schedule B1 to the Act and seeking any order necessary (which may include a request to place the Company into liquidation), or,
3. Filing a notice with the Court and Registrar of the Company's dissolution

As stated above, there is no prospect of the Company being rescued as a going concern and, accordingly, the JSAs consider that the most appropriate exit route will likely be the second or third option listed above. The option followed will depend upon a number of factors including the nature and quantum of Client Assets remaining to be dealt with.

At this stage, it is not possible to provide a definitive timescale for the duration of the Special Administration.

11. The Proposals

The JSAs' Proposals for achieving the Objectives are listed below. These Proposals will be considered for approval at the Initial Meeting to be held at 11.00 am on 2 September 2021 at etc.Venues, 200 Aldersgate St, Barbican, London EC1A 4HD. Registration will take place between 10.00 am and 10.45 am.

Clients and Creditors will vote and the Proposals will be accepted on a simple majority by value of claims. Please note, the Proposals will not be approved unless both classes of voter have voted to approve them. In the event of inability to approve the Proposals, the JSAs would seek to make an application to the Court for their approval.

The JSAs make the following Proposals to Clients and Creditors for achieving the Objectives:

11.1 Proposals generic to the Special Administration

- a. THAT they continue to manage the Company's affairs, business and property as they see fit in order to pursue the Special Administration's Objectives, being:
 1. **Objective 1.** To ensure the return of Client assets as soon as is reasonably practicable;
 2. **Objective 2.** To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
 3. **Objective 3.** To either:

- i. rescue the investment bank as a going concern, or
 - ii. wind it up in the best interests of the creditors
- b. THAT they seek the constitution of a Clients' and Creditors' Committee to represent the interests and make decisions on behalf of the Creditors and Clients as a whole;
- c. THAT, in the absence of a direction from the FCA under regulation 16 of the Regulations, they continue to pursue the Objectives in parallel;
- d. THAT they shall do all such things and generally exercise all powers as they, at their discretion, consider desirable in order to achieve the Objectives or to protect and preserve the assets of the Company or to maximise realisations for any other purpose incidental to these Proposals;
- e. THAT they continue to enable the Company to employ staff, consultants and contractors to assist with the work required to achieve the Objectives.

11.2 Proposals relevant to pursuing Objective 1

- f. THAT they continue to safeguard and take any action necessary to preserve and maximise Client Money and Custody Assets;
- g. THAT they continue to segregate and safeguard any Client Money received following the PPE with a view to expediting the return of those monies following the completion of the SA Reconciliation;
- h. THAT, in the event they deem either a sale of the Company's business and assets or a transfer of Client Money and Custody Assets to an appropriately authorised and regulated broker (either in whole or in part) will achieve the best outcome for Clients, they be authorised to complete such sale or transfer in accordance with the Regulations, the Rules and the Client Money Rules;
- i. THAT, in the event a sale of business or transfer of assets is not achieved, they distribute Client Money and Custody Assets to Clients by way of the most efficient and cost-effective mechanism possible considering the procedures available to them within the Regulations, the Rules and the Client Money Rules including putting forward a Distribution Plan where necessary;
- j. THAT they may seek directions from the Court in relation to such matters as may be required.

11.3 Proposals relevant to pursuing Objective 2

- k. THAT they continue to engage with market infrastructure bodies and the Authorities and to take all steps necessary to ensure that the Special Administration is dealt with efficiently and in accordance with statutory requirements.

11.4 Proposals relevant to pursuing Objective 3

- l. THAT they will consider, and if thought fit, pursue any claims the Company may have in order to maximise returns to the Creditors;
- m. THAT they continue to identify, secure and realise House Assets to the administration estate for the benefit of the Creditors;
- n. THAT, should there be sufficient asset realisations to permit a distribution to either preferential or unsecured creditors, they be authorised to agree the respective Creditors' claims and distribute funds in accordance with the Regulations and the Rules;
- o. THAT, if a sale or transfer of the business is not achieved, they take appropriate steps to wind down the business having regard to the interests of both its Clients and Creditors.
- p. THAT, once the Objectives have been fulfilled, they seek to conclude the Special Administration by either:
 - i. Making an application to the Court under paragraph 79 of Schedule B1 to the Act and seeking any order necessary (which may include a request to place the Company into liquidation) or, alternatively
 - ii. By filing notice of dissolution with the Court and Registrar of Companies

12. Costs of the Special Administration

The professional costs of the Special Administration to date can be split into the following three categories:

- a. The pre-Special Administration costs incurred by S&W, DWF and associated disbursements (see section 12.1 and Appendix VI);
- b. The JSAs' post-appointment remuneration (see section 12.2 and Appendix VII); and
- c. The JSAs' expenses and disbursements (to include category 1 and category 2 disbursements) (see section 12.3)

Further detail in respect of these costs is provided below.

12.1 Pre-Special Administration costs

12.1.1 Overview

Pre-special administration costs are defined as fees charged and expenses incurred by the JSAs before the Company entered special administration (but with a view to it doing so). "Unpaid pre-special administration costs" are pre-special administration costs which had not been paid when the Company entered Special Administration.

Pre-Special Administration costs, charges and expenses incurred by S&W and their legal advisors in the period prior to the JSAs' appointment is summarised below:

Firm	Costs (£)	Billed (£)	Paid (£)	Unpaid (£)
S&W pre-administration costs and expenses	293,774 plus VAT	92,163 plus VAT	74,634 plus VAT	219,142 plus VAT
DWF costs & expenses	280,512 plus VAT	157,097 plus VAT	157,097 plus VAT	123,415 plus VAT
Total	574,286 plus VAT	249,260 plus VAT	231,731 plus VAT	342,557 plus VAT

The pre-Special Administration costs for both S&W and DWF have been calculated on a time cost basis. The table above confirms the extent of time charged, sums received to date and the balance of fees that remain unpaid as at the date of the Special Administration. Further details are given in the sections below

12.1.2 S&W pre-special administration costs and expenses

The services provided in respect of this activity included (further details can be found in Appendix VI):

- Advising on the financial controls and reviewing, with the Directors, the financial position of the Company including cash flow modelling any special administration funding requirements;
- Attending meetings or telephone meetings with the FCA and otherwise engaging with regulated authorities;
- Advising on the options available to the Company;
- Work on finalising the sale to Britannia
- Reviewing all restructuring options and recommending the most appropriate insolvency process in the circumstances;
- Advising, with solicitors, on the imposing of restrictions on the Company's activities;
- Assisting, in conjunction with other professional advisers, the preparation of all necessary documentation for placing the Company into special administration;
- Liaising with the FCA and advisors with regard to the special administration process and the strategy and timescales for the special administration;
- Assisting with making the necessary application to the court for a special administration order;
- CASS reconciliation work (including the use of Tilney colleagues)

Smith & Williamson LLP was paid by the Company £74,634 plus VAT for the work completed. Outstanding time costs and expenses of £219,142 plus VAT relating to this period are proposed to be treated as an expense of the Special Administration. This is made up of time costs of £201,613 which were not billed, plus an amount which was billed but remains unpaid of £17,530 plus VAT (which is reflected in the Company's records and disclosed in Appendix V within the list of Creditors). The unbilled represents time in the final period prior to the Court

Order being made. This will be subject to the approval of any duly elected Clients' and Creditors' Committee and does not form part of the Proposals. If no Clients' and Creditors' Committee is established, then the approval of such unpaid expenses will be sought by a resolution passed at a meeting of Clients and Creditors.

12.1.3 DWF Law LLP pre-administration costs and expenses

Legal fees and expenses incurred by DWF in the pre-administration period amount to £280,512 plus VAT, of which £123,415 plus VAT remains unpaid. DWF have provided the following information on the work they undertook:

Initial strategy

- Calls with board and executives re solvency of business and creditor positions
- Calls with Smith and Williamson re strategy
- Consideration and advice re insolvency of the Company,
- Consideration and advice re different insolvency processes
- Advice on suitability and process involved in respect of a special administration
- Conference calls with Counsel
- Drafting advice notes to the Company and meeting minutes
- Drafting board resolution resolving for the Company to enter into special administration

Application for Special Administration Order

- Drafting application notice, order, special administrators' consent to act,
- Drafting supporting witness statement of Adam Stephens and associated calls/meeting to adduce evidence
- Drafting supporting witness statement of the director and associated calls/meeting to adduce evidence
- Compiling exhibits for supporting witness statements
- Conference calls with Counsel, drafting instructions to Counsel
- Calls with executive board
- Corresponding with Smith & Williamson
- Filing application with court and general communications with Court listing officer, preparing hearing bundle, drafting and filing and certificate of urgency, attendance at court

Drafting/ negotiating Asset Purchase Agreement

- Redrafting Asset Purchase Agreement
- Negotiating Asset Purchase Agreement with purchaser (Britannia) including various calls/meetings
- Calls with executive/board re Asset Purchase Agreement
- Calls with Smith and Williamson
- Drafting ancillary documents, including analysis and advice re transfer of Client list and Client assets

Liaising with the FCA

- Various correspondence and calls with the FCA to seek permission/consent/sign off in respect of the application for special administration
- Various correspondence and calls with the FCA to seek permission/consent/sign off in respect of the Asset Purchase Agreement

Regulatory financial conduct matters

- Dealing with second supervisory notice, VREQ and OIREQ
- Calls and correspondence with the Financial Conduct Authority
- Consideration and advice given in respect of regulatory issues
- Calls with Counsel
- Calls with the executive board

Employee matters

- Various calls with S&W and executive board regarding the ability of the Company to make the employee retention payments
- Calls with Counsel to discuss the employee retention payments

- Consideration and advice given to Smith & Williamson and the executive board around the employee retention payments

Various legal proceedings

- Various communication with Smith and Williamson and Dentons
- Going on record as acting for the Company in relation to the ongoing proceedings
- Reviewing and agreeing draft Court order

Custodian Agreements

- Review and report back on third-party custodian agreements
- Advice re distribution of third-party custodian assets
- Advice re termination and exit from third-party custody agreements

Miscellaneous queries

- Dealing with various calls, communication and correspondence from Smith & Williamson, the executive board and/or Counsel

12.1.4 Payment of unpaid pre-administration costs

The payment of the unpaid pre-administration costs, totalling £342,557 plus VAT, as an expense of the Special Administration is subject to the approval of any duly elected Clients' and Creditors' Committee and does not form part of the Proposals. If no Clients' and Creditors' Committee is established, then the approval of such unpaid expenses will be sought by a resolution passed at a meeting of Clients and Creditors.

We consider that the pre-administration costs were incurred in pursuit of all three of the Objectives and will therefore require the approval of the Clients and Creditors in the event a Clients' and Creditors' Committee is not elected at the Initial Meeting to be held on 2 September 2021.

12.1.5 Earlier work undertaken by S&W

To assist a reader as regards to all work undertaken by S&W in respect of the Company, this section sets out a summary of the work. Further details of the prior professional relationship with the Company can be found in Appendix III.

- S&W were formally engaged by the Company on 14 March 2021 to provide a high-level review of the Company's financial position and consider the options available to the Company, including a disposal.
- S&W assisted the Company with the due diligence and sale process, whilst continuing to advise on ongoing financial control and liaising with the FCA.
- On 1 June 2021 S&W were instructed to assist with preparation for a special administration, in parallel to the Company's and shareholders' efforts to complete a solvent share sale.

As regards to the associated costs and summary of work undertaken, the following is a summary:

Nature	Costs (£)	Billed (£)	Paid (£)	Outstanding (£)
S&W advisory costs	251,507 plus VAT	250,837 plus VAT	250,837 plus VAT	669 plus VAT

The work included:

- Consideration of options in light of the FCA OIREQ;
- Assisting with a review of the wind down plan which was anticipated to be a solvent solution;
- Preparing a cash flow report for the Company;
- Assisting the Company in the provision of information to a party interested in acquiring its share capital;
- Attending meetings with the party offering to acquire the Company's share capital;
- Advising the Company in employee communications;
- Participating with the directors and advisors, in conference calls with the FCA;
- Attending meetings with the directors;
- Working with the Company and its solicitors and Counsel in consideration of claims made against the Company and its officers;
- Assisting in the establishment of a data room of information for parties interested in acquiring the business;

- Advising the Company on the options available to it;
- Assisting in the preparation of a sales memorandum for the business;
- Agreeing a list of parties to approach as possible buyers of the business;
- Marketing the business for sale;
- Advising the Company as to discussions with interested parties; and
- Assisting with negotiations with interested parties.

Smith & Williamson LLP was paid £250,837 plus VAT for work completed in this period. Outstanding time costs relating to this period of £669 plus VAT plus expenses of £260 relating to the costs of a virtual data room, these costs will not be recovered.

12.2 The JSAs' post-appointment remuneration

This section deals with the JSAs' remuneration. The JSAs' expenses and disbursements (including legal advisors) is dealt with in the next section.

12.2.1 Bases for fixing the JSAs' remuneration

The JSAs are entitled to receive remuneration for services given in respect of:

- Objective 1, which will be paid out of Client Assets; and
- Objective 2 and Objective 3, which will ordinarily be paid out of the Company's House Assets.

The basis of the JSAs' remuneration may be fixed:

- As a percentage of the value of the property with which the JSAs must deal; or
- By reference to time properly spent by the JSAs (when in office) and their staff in attending to matters arising in the Special Administration, or
- As a set amount; or
- By any combination of the above.

The basis of the JSAs' remuneration will be subject to agreement by the Clients' and Creditors' Committee in due course whilst having regard to the following matters:

- a) The complexity (or otherwise) of the case;
- b) Any responsibility of an exceptional kind or degree which, in connection with the pursuit of Objectives 1, 2 or 3, falls on the JSAs;
- c) The effectiveness with which the JSAs appear to be carrying out, or to have carried out, their duties as such; and
- d) The value and nature in each case of the property with which the JSAs have to deal

Where no Clients' and Creditors' Committee is established, approval of the JSAs' remuneration shall be fixed by a resolution of:

- Clients for any time costs incurred in respect of Objective 1; and
- Creditors and Clients for time costs incurred in respect of Objectives 2 and 3

12.2.2 The JSAs' time costs to date

Appendix VII provides a detailed analysis of the JSAs' time costs incurred by reference to the grade of staff used and work done. The information is provided in accordance with SIP 9. A detailed narrative of the tasks undertaken in respect of each work activity is also set out within Appendix VII.

During the period from their appointment on 30 June 2021 until 6 August 2021, the JSAs have incurred total time costs of £537,242.62, which represents 1,046.87 hours at an average charge out rate of £513.19 per hour.

12.2.3 Further information on the JSAs' remuneration

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix VIII.

A Creditors and Clients guide to special administrators' fees can be found on the website <https://smithandwilliamson.com/dolphin-financial/>. Should you require a paper copy please email dolphin@smithandwilliamson.com or telephone 020 3763 8597 and it will be sent to you at no cost.

12.3 The JSAs' expenses and disbursements

12.3.1 Professional advisors

We have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Advisor / agent	Services provided	Basis of fees	Costs to 6.8.21 (net of VAT) - £
DWF Law LLP	Legal advice re SAR, regulatory and employment matters	Time costs	79,103.50
Lewis Silkin LLP	Legal advice re ongoing employee claims	Time costs	1,914.00
Foot Anstey LLP	Legal advice in relation to the SAR	Time cost	3,122.00
Rabbows LLP	Valuation and sale of the Company's physical assets	£1,000 plus 10% of realisations	Nil
Sothebys	Valuation and sale of specific artwork	Yet to be agreed	Nil
ERA Solutions Ltd	Employee claim assistance	Fixed fee / employee	1,560.00
Fisher, Sassoon & Marks	Payroll services	Fixed fee / employee	150.00
BGL Chartered Surveyors	Property audit and business rates review	No win-no fee % of realisations	Nil
Marsh	Insurance brokers	Fixed annual fee based on value of insurable assets	1,332.52
Compliancy	Translation services	Hourly rate	862.50
Sipcom	Dedicated phone services	£600 setup cost plus £50 per month	650.00
JG Collections	Collection and cataloguing of books and records	Time costs plus storage	693.00

The choice of advisors and the basis of their fees was based on factors including, but not limited to, their experience, the complexity of the assignment and their geographic location.

12.3.2 DWF Costs

DWF have been retained by the JSAs post appointment to provide ongoing assistance to the JSAs. Their costs incurred in the post-appointment period which all remain unpaid are £79,103.50 plus VAT. DWF have advised that their costs relate to the following activities:

Sale Completion

- Finalising and arranging for execution of the Asset Purchase Agreement
- Arranging for consideration under Asset Purchase Agreement to be paid
- Calls with Britannia to negotiate final form Asset Purchase Agreement
- Providing advice and seeking instructions from the Company and the JSAs regarding the Asset Purchase Agreement
- Calls with JSAs and the executive board

Employment Issues/ Retention Bonuses

- Continued advice regarding the ability of the Company to make the employee retention payments
- Assisting with the redundancy process
- Calls with the JSAs relating to redundancy/employment issues
- Review and assistance with various communications to employees
- Drafting consultancy agreements

Remaining Assets

- Various calls and advice with regards to dealing with remaining Company and Client assets

Regulatory Financial Conduct Issues

- Advice in relation to lifting of OIREQ and VREQ
- Advice in relation to ancillary financial conduct issues
- Calls and communication with the JSAs

Certain legal proceedings

- Continued communications with the JSAs and Dentons in relation to the ongoing proceedings
- Ensuring relevant orders filed with court

Miscellaneous queries

- Dealing with various calls, communication and correspondence from the JSAs, the executive board and/or Counsel including dealing with DASL, certain other Creditors and variation to the APA terms.

12.3.3 Disbursements

From time to time it may be necessary for S&W to pay directly for certain expenses relating to the work being undertaken. The JSAs are permitted to charge and recover such disbursements which are classified as either category 1 or category 2 disbursements.

Category 1 disbursements are expenses paid by S&W to third parties and are recoverable without approval. The following category 1 disbursements have been incurred to date:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Information Commissioner's Office renewal fee	40.00	-	40.00
Joint Special Administrators' bonding	140.00	-	140.00
Total	180.00	-	180.00

Costs incurred are shown net of VAT.

Category 2 disbursements are internal expenses incurred by S&W that include an element of allocated costs or a profit element. Category 2 disbursements are subject to the same approval as the JSAs' remuneration.

Since our appointment, the following Category 2 disbursements have been incurred:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Tilney	21,517.50	NIL	21,517.50
Total	21,517.50	NIL	21,517.50

Costs incurred are shown net of VAT

As noted above the costs for the period 30 June 2021 to 6 August 2021 were £21,517.50 plus VAT, representing 68.25 hours at an average hourly rate of £315.27, and their work was in supporting the JSAs on the reconciliation and Client statements. Details of Tilney charge out rates are included at Appendix VIII. An analysis of these costs is below:

Classification of work function	Investment Manager	Investment Analyst / Specialist	Total hours	Time cost	Average hourly rate
CASS Reconciliation Reconciling Client Custody Assets & Client Monies position to 30th June 2021, in accordance with the pursuit of Objective 1.	13.50	54.75	68.25	£21,517.50	£315.27

13. The Initial Meeting of Clients and Creditors

13.1 Venue and date

The Initial Meeting of Clients and Creditors to consider the Proposals will be held on **2 September 2021 at 11:00am at etc.Venues, 200 Aldersgate St, Barbican, London EC1A 4HD**. Notice of the meeting is attached at Appendix IX.

Registration for the meeting will take place between 10.00am and 10.45am. Any Clients or Creditors that have not been registered in advance of the meeting risk not being admitted to the Initial Meeting and their votes being invalid.

13.2 Purpose of the Initial Meeting

The purpose of the Initial Meeting will be for the JSAs to provide an update on the progress of the Administration to date, the anticipated strategy for returning Client Assets and to consider and, if acceptable, approve the JSAs' Proposals (as set out in section 11 of this document) and to establish a Clients' and Creditors' Committee.

Guidance on what will happen at the Initial Meeting is set out in Appendix XII.

13.3 Resolutions

The resolutions to be considered at the Initial Meeting are listed below:

Resolution 1: For the acceptance / rejection of the JSAs' Proposals as circulated; and

Resolution 2: For the establishment of a Clients' and Creditors' Committee (if there are sufficient Creditors and Clients willing to act).

Resolutions 1 and 2 will be considered as two single resolutions at the combined meeting. Clients and Creditors will vote separately, and the resolutions will be approved on a simple majority by value of claims.

Please note, there will not be an opportunity to discuss your individual circumstances or holdings at the meeting and your interests will not be harmed in any way if you do not attend.

13.4 How to vote

Should you wish to vote on the resolutions, you must complete and return a Claim Form (using either the 'Statement of Claim Form - Clients' or 'Statement of Claim Form - Creditors' at Appendix X(i) and X(ii) respectively or available for download at <https://smithandwilliamson.com/dolphin-financial/>) to the JSAs' office:

By post: Dolfin Financial (UK) Ltd (in Special Administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY

By email: dolphin@smithandwilliamson.com

By fax: 020 7131 4001

Please note:

- **Statement of Claim Forms should be returned to the JSAs' office by no later than 12 noon on 1 September 2021, being the last business day before the Initial Meeting.**
- **If you do not intend to attend the Initial Meeting in person but would still like to vote on the Proposals (or if you represent a limited company or other corporation), you must complete and return a Proxy Form (using either the 'Proxy Form - Clients' or 'Proxy Form - Creditors' at Appendix XI(i) and XI(ii) respectively or available for download at <https://smithandwilliamson.com/dolphin-financial/>) to the JSAs' office by no later than 12 noon on 1 September 2021.**

The Proxy Form enables you to nominate a proxy to vote on your behalf at the Initial Meeting. You may nominate the chair of the meeting (who will be one of the JSAs) or any other person who is attending the Initial Meeting. You can direct how that person votes on your behalf by providing voting instructions on the Proxy Form or, alternatively, you can allow them to vote at their discretion.

Please ensure you sign the Proxy Form and submit a Statement of Claim form for your vote to be valid.

If you are signing the proxy form and Statement of Claim Form on behalf of a company, or another person, you must also provide documentary evidence to show why you have authority to sign on its/their behalf.

You do not have to vote or attend at the Initial Meeting and if you choose not to do so, that will not affect your claims to Client Money or Custody Assets or as a Creditor. Once approved, however, the Proposals are binding on all Clients and Creditors; including those not present or represented at the Initial Meeting. For this reason, it is important that Clients and Creditors carefully consider the JSAs' Proposals and whether and, if so, how they wish to vote.

Further guidance on the conduct of the meeting and voting is set out in Appendix XII.

14. Clients' and Creditors' Committee

The JSAs are seeking the appointment of a Clients' and Creditors' Committee to represent the interests of both Clients and Creditors. The Clients' and Creditors' Committee must comprise at least three but not more than five members.

The Clients' and Creditors' Committee will be formed if sufficient Clients and Creditors are willing to act.

The Clients' and Creditors' Committee represents the interests of the Clients and Creditors as a whole, rather than the interests of certain parties or individuals. Its statutory function is to help us to discharge our responsibilities as the JSAs.

If a Clients' and Creditors' Committee is formed it is for that body to approve, for instance:

- the basis of our remuneration
- the drawing of Category 2 disbursements (i.e. certain expenses incurred by us)

Members of the Clients' and Creditors' Committee are not remunerated for their time. Other than receiving reasonable travel expenses, they receive no payment from the Company and their home address is disclosed at Companies House.

Appointed members will be requested to sign a non-disclosure agreement given the matters we anticipate discussed during any given meeting. We will also ask members to consider and address any potential conflicts of interests.

The FCA is entitled to attend meetings. The JSA also anticipate that the FSCS will attend (in the event that there are protected Client claims).

Information about the role of a Clients' and Creditors' Committee can be found at the website <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>. Please note that this makes reference to liquidations but applies equally to administrations and Special Administrations. Additional information as regard the formalities of the Initial Meeting and voting can be found at Appendix XII.

If you would like to nominate yourself or someone else to be elected to the Creditors' Committee, please submit your nomination in advance of the Initial Meeting by returning a Proxy Form, together with a Claim Form, to the JSAs' office by no later than 12 noon on 1 September 2021 (being the last business day prior to the Initial Meeting) by:

Post: Dolfin Financial (UK) Ltd (in Special Administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY

Email: dolfin@smithandwilliamson.com;

Fax: 020 7131 4001

15. Privacy and data protection

As part of our role as JSAs, we would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

16. General note

On a general note, if you have any comments or concerns in connection with our conduct, please contact Adam Henry Stephens or Kevin Ley in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Service directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gov.uk

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

17. Next report, Client and Creditors' rights

The JSAs are required to provide a progress report within one month of the end of the first six months of the administration or earlier if the administration has been finalised.

From receipt of the first progress report, Client and Creditors have rights under IR16 to request further information and to challenge the JSAs' remuneration and/or expenses incurred. In summary:

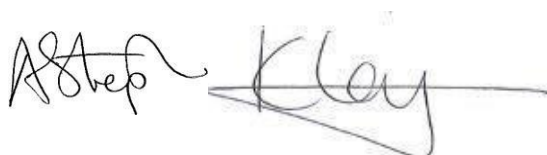
Within 21 days of the receipt of a progress report, a secured creditor, Client or an unsecured Creditor with at least 5% in value of the total unsecured claims (or with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the JSAs provide further information about their remuneration or expenses which have been itemised in the report.

Any secured creditor, or an unsecured Creditor with at least 10% in value of the total unsecured claims (or with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of a progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the JSAs' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the JSAs, as set out in the report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

18. Final comment and thank you

The JSAs recognise that a Special Administration will likely be new and unsettling to many Clients and Creditors. The JSAs' role is governed by statute (which includes the contents of this document). We have liaised extensively with a number of stakeholders, including many Clients (and their representatives), Britannia, creditors, suppliers, former employees and various public bodies. We thank them for their assistance, support and contribution to date.

Handwritten signatures of Adam Henry Stephens and Kevin Ley. The signature on the left is 'AStep' and the signature on the right is 'Kley'.

Adam Henry Stephens and Kevin Ley

Joint Special Administrators

Date: 17 August 2021

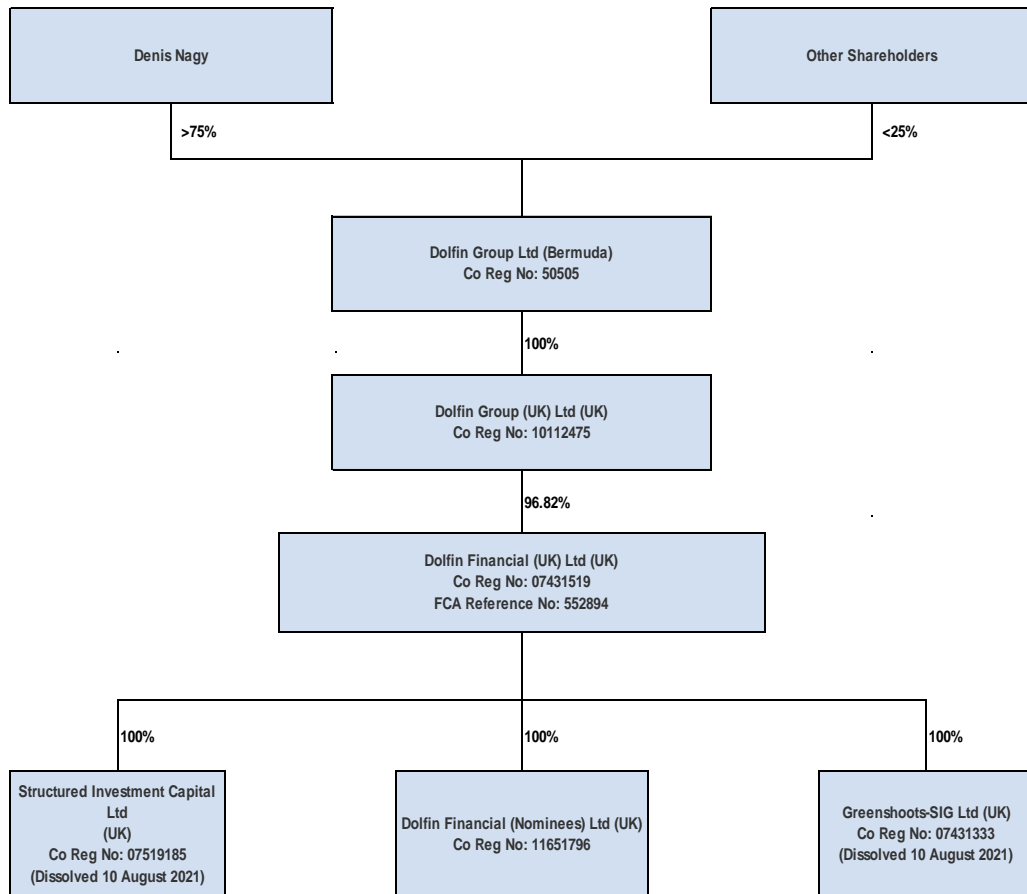


Appendices

I Statutory information

Relevant Court	High Court of Justice, Business & Property Courts of England & Wales Insolvency & Company List (ChD)			
Court Reference	001111 of 2021			
Incorporated on	5.11.10			
Trading Name(s)	Dolfin			
Trading Address & former registered office	77 Coleman Street, London EC2R 5BN			
Former Name(s)	RMS Fingroup Limited (23.4.14 - 4.10.16) Structured Investment Group Limited (5.11.10 - 23.4.14)			
Registered Office	25 Moorgate, London, EC2R 6AY			
Registered Number	07431519			
Joint Special Administrators	Adam Henry Stephens (IP No 9748) & Kevin Ley (IP No 25090) Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY In accordance with P100 (2) Sch B1 1A 86, a statement has been made authorising the Joint Special Administrators to act jointly and severally			
Date of Appointment	30 June 2021			
Appointor	Order made on the application of the directors			
Directors (current)	<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>	<u>Shareholding</u>
	Rodney Baker-Bates	29.5.20	-	-
	Amir Nabi	16.9.16	-	-
Directors (last 3 years)	Stephen Kingsley	19.5.20	31.3.21	-
	Sanjay Maraj	30.9.13	30.9.20	-
	Denis Nagy	20.9.13	30.4.20	-
Company Secretary	None recorded at Companies House			
Shareholders	<u>Name</u>	<u>No. shares held</u>	<u>Voting rights</u>	
	Semen & Marina Linovich	563,634 - Preference	3.08 %	
	Semen & Marina Linovich	563,634 - Ordinary	3.08 %	
	Dolfin Group (UK) Ltd	17,160,001 - Ordinary	93.84 %	
Cross-border insolvencies and EU Regulation	<p>The Recast EC Regulation on Insolvency Proceedings (2015/848) does not apply since it does not apply to insurance undertakings, credit institutions and investment undertakings. Dolfin is an investment undertaking providing services including the holding of funds or securities for third parties.</p> <p>The JSAs have been advised that the Retained Insolvency Regulation will not apply to insolvency proceedings opened in respect of the Company. These proceedings are 'centre of main interest' proceedings to which the EU Regulation as it has effect in the law of the United Kingdom.</p>			

II Group structure



NB: This information has been extracted from that available at Companies House

III Prior professional relationship

Statement of prior professional relationship of Adam Henry Stephens and Kevin Ley in respect of the appointment of Joint Special Administrators

We have a prior professional relationship with Dolfin Financial (UK) Ltd to the extent set out below:

Smith & Williamson LLP was engaged by the Company on 14 March 2021 to advise on the Company's wind-down and insolvency options and to market the Company's business and assets for sale. Following that involvement, as proposed Joint Special Administrators, we were instructed to assist with the preparation for an order for Special Administration pursuant to the Investment Bank Special Administration Regulations 2011 (and to affect any pre-pack sale of the Company's assets immediately upon our appointment as special administrators).

In respect of the advisory engagement, Smith and Williamson LLP billed and was paid £250,837 plus VAT by the Company. At the date of the Special Administration, time costs of £669 plus VAT and expenses of £260 remain unbilled and unpaid.

In relation to the work undertaken in the period prior to the application for the Special Administration, Smith and Williamson LLP billed £92,163 plus VAT and was paid £74,634 plus VAT by the Company. At the date of the Special Administration, £219,142 plus VAT remains unpaid (comprising unbilled costs of £201,285 plus VAT, billed but unpaid costs of £17,530 plus VAT and expenses of £327).

Smith & Williamson LLP also provided discretionary investment management services to a former director of the company and his spouse, during the period of 2015 -2019. Smith & Williamson LLP's services terminated in October 2016 in respect of the former director and in May 2019 in respect of their spouse. Services provided to the former director ceased before he was appointed as a director of the company and no ongoing service is being provided to him in this regard.

We confirm that we have fully considered the relevant guide to professional conduct and ethics issued by our professional body and are satisfied that the existence of this prior relationship does not create any conflict of interest or threat to independence for us as office holders.

IV Receipts and payments accounts from 30 June 2021 to 6 August 2021

a) Administration/House Estate

Receipts and payments account for the period from 30 June 2021 (date of Special Administration) to 6 August 2021

JSAs' Accounts:

RECEIPTS	Total (GBP)	Total (USD)	Total (EUR)	Total (CHF)
Bank charge refunds	110.00	0.00	0.00	0.00
Cash at Bank transferred from Company's pre-existing bank accounts	1,491,247.10	53,733.07	0.00	0.00
Sale proceeds	600,000.00	0.00	0.00	0.00
Interest	11.27	0.00	0.00	0.00
Prepaid card refunds	21,077.78	0.00	0.00	0.00
Debtors	0.00	25,391.47	42.80	0.00
	2,112,446.15	79,124.54	42.80	0.00
PAYMENTS				
Costs chargeable to Objective 1:				
Consultants monthly payments	(43,058.47)	0.00	0.00	0.00
Consultant incentive payments	(135,000.00)	0.00	0.00	0.00
IT support	(1,171.64)	0.00	0.00	0.00
Ransom payments	(18,698.32)	0.00	0.00	0.00
Wages & Salaries	(76,807.26)	0.00	0.00	0.00
PAYE & NI	(31,980.15)	0.00	0.00	0.00
Pension contributions	(7,337.29)	0.00	0.00	0.00
Bank Charges	(28.40)	(36.92)	0.00	0.00
Costs chargeable to Objective 3: (none to date)	0.00	0.00	0.00	0.00
	(314,081.53)	(36.92)	0.00	0.00
Net Receipts/(Payments)	1,798,364.62	79,087.62	42.80	0.00
MADE UP AS FOLLOWS				
Clients Deposit (int Bearing)	1,781,307.00	79,087.62	42.80	0.00
VAT Receivable / (Payable)	17,057.62	0.00	0.00	0.00
	1,798,364.62	79,087.62	42.80	0.00

Notes and further information required by SIP 7

1. The Joint Special Administrators' remuneration has not yet been approved.
2. The JSAs have not drawn any remuneration or category 2 disbursements to date as this requires the consent of either a committee of Clients and Creditors or, in the absence of a committee, the general body of Clients and Creditors as a whole.
3. We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
4. No payments have been made to us from outside the estate.
5. Costs chargeable to Objective 1 - The payments shown above, currently paid out of House funds for expediency, are attributable to Objective 1 and a reconciliation between House and Client accounts will be undertaken in due course.

6. Details of significant expenses paid are provided in the body of our report.
7. Details of payments made to sub-contractors are shown in the body of our report.
8. Information concerning our remuneration and expenses incurred is provided in the body of the report.
9. Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
10. All bank accounts are interest bearing.
11. The Company Administration/House Assets may be used to defray the associated costs of pursuing Objective 2 and 3 (insofar as realisations permit).
12. Client Money received following the PPE (including in respect of Corporate Actions such as dividends or coupon receipts) are held in Post Pooling Accounts and segregated from the House Assets.
13. All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT. The Company was registered for VAT with partial exemptions applicable in respect of certain supplies and purchases, the Joint Special Administrators will seek to ensure that the irrecoverable VAT position is mitigated as far as possible.

Dolphin existing bank accounts and balances:

The following summarises the Company's existing bank accounts which have been kept open post appointment and movements since the commencement of the Special Administration.

RECEIPTS	Lloyds:	BNY Mellon: Combined USD	Britannia:	BCS:	PPF:	Credit Suisse: Combined GBP	ONE Swiss Bank:	Multrees:	
	GBP	Equivalent	GBP	GBP	GBP	Equivalent	GBP	GBP	USD
Opening balance	1,531,247.10	275,375.88	(1,717.00)	856.00	(112.00)	4,357.00	18,593.00	708.98	49124.92
Funds in to settle custody charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUFA and Denplan repayments	3,937.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chattel Sales	17,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<u>1,552,184.70</u>	<u>275,375.88</u>	<u>(1,717.00)</u>	<u>856.00</u>	<u>(112.00)</u>	<u>4,357.00</u>	<u>18,593.00</u>	<u>708.98</u>	<u>49,124.92</u>
PAYMENTS									
Inter-account transfers	(1,491,247.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Custody fees	0.00	(36,764.52)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<u>(1,491,247.10)</u>	<u>(36,764.52)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Receipts/(Payments)	<u>60,937.60</u>	<u>238,611.36</u>	<u>(1,717.00)</u>	<u>856.00</u>	<u>(112.00)</u>	<u>4,357.00</u>	<u>18,593.00</u>	<u>708.98</u>	<u>49,124.92</u>
MADE UP AS FOLLOWS									
Closing Balance	64,337.60	238,611.36	(1,717.00)	856.00	(112.00)	4,357.00	18,593.00	708.98	49,124.92
VAT Receivable / (Payable)	(3,400.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<u>60,937.60</u>	<u>238,611.36</u>	<u>(1,717.00)</u>	<u>856.00</u>	<u>(112.00)</u>	<u>4,357.00</u>	<u>18,593.00</u>	<u>708.98</u>	<u>49,124.92</u>

Notes

1. We are still missing bank statements for some of these and whilst the above reflects the anticipated values, these may be subject to change. Any amendments will be noted in our next report to Clients and Creditors.
2. Although the only account with any substantive movement is the Lloyds account, in the interests of transparency, we have added all other accounts here.
3. The amount shown under BNY Mellon is the amalgamation of 17 accounts of different foreign currencies.
4. Principally, with the exception of the Lloyds account, these accounts were used by Dolphin to effect custody charges only and we have kept the Lloyds account open for the same reasons.
5. To ensure that these charges could continue to be paid, the JSAs have temporarily agreed to keep these accounts open pending the setting up of alternative accounts under the JSAs' control.
6. These funds used for custody charges are not House assets, however the receipts into the Lloyds accounts arising from Chattel sales and benefit plan repayments are a House asset and will be transferred to the JSAs' account in due course (in addition to the cash balance which has already been transferred and accounted for accordingly).

b) Client Money

Receipts and payments account for the period from 30 June 2021 to 6 August 2021

	AUD	CAD	CHF	CZK	EUR	GBP	HKD	NOK	RUB	SEK	SGD	USD
Receipts												
Client Money accounts	665.07	1,409,552.04	359,501.10	426,413.96	49,606,585.48	34,669,992.22	4,203.26	48,280.12	10,151,266.42	9,451.08	236,381.65	75,218,979.57
Money Market Funds						10,573,471.54						32,365,405.61
	665.07	1,409,552.04	359,501.10	426,413.96	49,606,585.48	45,243,463.76	4,203.26	48,280.12	10,151,266.42	9,451.08	236,381.65	107,584,385.18
Payments												
Paid on 20/07/21					-	832,546.52	-	5,019,099.60				-
						832,546.52		5,019,099.60				10,062,203.96
Balance for R&P	665.07	1,409,552.04	359,501.10	426,413.96	48,774,038.96	40,224,364.16	4,203.26	48,280.12	10,151,266.42	9,451.08	236,381.65	97,522,181.22

Notes and further information required by SIP 7

1. All bank accounts are non-interest bearing.
2. Payments made from Client Money are in relation to Client positions that have transferred to Britannia since the date of the Special Administration.
3. Client Money is held separately to House Assets in designated Client accounts and held on trust for Clients.
4. The money market funds correspond to Client Money received following the PPE are held in Post Pooling Accounts and segregated from the House Assets.

V Estimated financial position as at 30 June 2021

House Assets & Liabilities

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
None		
Assets subject to floating charge:		
None		
Uncharged assets:		
Office Furniture & IT Equipment	Uncertain	Uncertain
IT Software	17,538	NIL
Investment in group undertakings	2,000	NIL
Customer Receivables and Prepayments	0	Uncertain
Debtors:-		
Client Debtors	3,566,294	Uncertain
Inter-company Debtors	1,300,731	Uncertain
Employee	11,815	Uncertain
Other Trade Debtors	49,875	Uncertain
Accrued Income	23,906	NIL
Firm's Cash at Bank	1,802,526	1,802,526
Margin Cash at Bank	4,518	Uncertain
Taxation	151,472	NIL
Artwork	61,708	Uncertain
Trademarks	NIL	Uncertain
Client Book/database subject to sale agreement to Britannia:		
Initial payment	Uncertain	600,000
Deferred consideration	Uncertain	Uncertain
Residual Client Book/database	Uncertain	Uncertain
Estimated total assets available for preferential creditors	6,992,383	2,402,526
Preferential Creditors:-		
Employees' wages and accrued holiday entitlements		(195,095)
Employee pension contributions		(4,631)
Estimated surplus as regards preferential creditors		2,202,800
2nd Preferential Creditors:-		
HMRC		(170,014)
Estimated surplus as regards 2nd preferential creditors		2,032,786
Debts secured by floating charges pre 15 September 2003		NIL
Other Pre 15 September 2003 Floating Charge Creditors		NIL
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		2,032,786
Debts secured by floating charges post 14 September 2003		NIL
Total assets available to unsecured creditors		2,032,786
Unsecured non-preferential claims (excluding any shortfall to floating charge holders):		
Trade creditors	879,456	
subordinated loan	1,018,766	
Employees	1,398,878	
Employer pension contributions	15,284	
HMRC	185,864	
Inter-Company claims	327,715	
Contingent client claims	Uncertain	(3,825,963)
Estimated deficiency as regards non-preferential creditors		(1,793,177)
Issued and called up capital:		
17,723,635 Ordinary Shares @ £1 each	17,723,635	(17,723,635)
563,634 Preference Shares @ £1 each	563,634	(563,634)
Estimated total deficiency as regards members		(20,080,446)

NB: This information has been taken from the records of the Company and has not been verified or audited by the Joint Special Administrators

Schedules of Client Assets

Client Cash

Client Money		Local Currency	GB Sterling
Australian Dollar	AUD	665	360
Canadian Dollar	CAD	1,409,552	822,135
Swiss Franc	CHF	359,501	280,991
Czech Koruna	CZK	426,413	14,330
Euro	EUR	49,606,585	42,518,715
GB Sterling	GBP	34,669,992	34,669,992
Hong Kong Dollar	HKD	4,203	391
Norwegian Krone	NOK	48,280	4,056
Russian Rouble	RUB	10,151,266	100,346
Swedish Krona	SEK	9,451	799
Singapore Dollar	SGD	236,381	127,052
US Dollar	USD	75,218,979	54,384,339
			132,923,512

Custody Assets held by security type

Custody Assets	Local Currency	GBP Sterling
Bonds	953,132,776	812,635,031
Liquidity Funds	42,938,877	33,974,097
Equities	252,998,740	97,515,239
Futures	42,357	30,625
Mutual Funds	109,684,670	87,697,390
		1,031,852,384

* Stock prices and currency exchange rates as at close of business on 29 June 2021

Schedules of known Creditors

**Dolphin Financial (UK) Ltd
B - Company Creditors**

Key	Name	Address	£
CA00	Alexey Porkhun	Redacted	1,500.10
CI01	Alexey Porkhun	Redacted	2,035.93
CA01	Alphasense Inc	Finance Office, 24 Union Square East, 6Th Floor South, New York, NY 10003	9,768.60
CA02	Andoro Trading Corp & Uroco Ltd	C/O Blake Building, Suite 302, Corner Hutson & Eyre Street, Belize City, Bz-Bz, Belize	120,176.00
CA03	Ashfords LLP	1 New Fetter Lane, London, EC4A 1AN	1,464.00
CB00	Bca Research Inc.	1002 Sherbrooke, St W Montreal, Qc H3A 3L6, Canada	21,708.00
CI02	BDO LLP	55 Baker Street, London, W1U 7EU	4,500.00
CB01	BDO LLP	55 Baker Street, London, W1U 7EU	35,670.00
CI03	Bin Xu (Irwin Mitchell)	Redacted	1,532.86
CB02	Bitgo Trust Company Inc	6216 S PINNACLE PL, SUITE 101, SIOUX FALLS, SD.57108	0.04
CI04	Blickrothenburg	Palladium House, 1-4 Argyll Street, London, W1F 7LD	3,000.00
CB03	Bloomberg Finance L.P. GBP	3 Queen Victoria Street, London, EC4N 4TQ	3,085.84
CI06	BNV Mellon	240 Greenwich Street, New York, NY 10286, United States	15,000.00
CI05	Bond and Bond Group Limited	13 Hanover Square, London, W1S 1HN	3,224.64
CI07	China UK Link Limited	171 Wardour Street, London, W1F 8WS	7,539.63
CC02	Citigroup Global Markets Limited	Citigroup Centre 1st Floor, CGC 01 54 Citigroup Centre, 25 Canada Square, Canary Wharf, London, E14 5LB	2,159.04
CI08	CNUK Consulting Ltd	8 Avenue Road, New Malden, KT3 3QF	1,431.79
CC03	Copper Technologies (UK) Ltd	17a Curzon Street, London, W1J 5HS	4,892.93
CC04	Core-Asset Consulting	37 Melville Street, Edinburgh, EH3 7JF	5,159.88
CC06	Croma Vigilant guarding & asset protection	first floor left, 161 Brooms Road, Dumfries, DG1 2SH	651.24
CD01	D B Dairies Ltd	10 Howland Garth, St Albans, AL1 2NY	236.80
CD00	Dashro Solutions Ltd	Office 7, 35-37 Ludgate Hill, London, EC4M 7JN	22,440.00
CI09	Demei Global Limited	Unit 5, 6/F, Island Place Tower, 510 King'S Road, Hong Kong	8,221.23
CD03	Dirt Be Gone Services Ltd	6 Juniper House, Pomeroy Street, New Cross, SE14 5BY	250.00
CD04	Dolphin Asset Services Limited	89, Level 5, St. John'S Street, Valletta Vlt1165, Malta	61,793.61
CI0A	Dolphin Asset Services Ltd	89, Level 5, St. John'S Street, Valletta Vlt1165, Malta	12,962.18
CI0B	Dolphin Financial (Malta) Ltd	89, Level 5, St. John'S Street, Valletta Vlt1165, Malta	34,402.02
CD05	Dolphin Financial (Malta) Ltd	89, Level 5, St. John'S Street, Valletta Vlt1165, Malta	69,866.71
CD06	DWF Law LLP	20 Fenchurch Street, London, EC3M 3AG	50,124.84
CI0C	Eastern West Ltd	7 Tudor Lodge, 49 Holden Road, London, N12 7EJ	25,191.21

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Dolphin Financial (UK) Ltd
B - Company Creditors

Key	Name	Address	£
CI0D	Efun Chin	Redacted	513.17
CE00	Employees	Redacted	1,593,973.00
CF00	Factiva Limited, Dow Jones	1 London Bridge Street, London, SE1 9GF	13,583.23
CF03	Fisher, Sassoon & Marks	43-45 Dorset Street, London, W1U 7NA	1,188.00
CI0E	FPW	Falcon Private Ltd., Pelikanstrasse 37, P.O. Box 1376, 8021 Zürich, Switzerland	44,677.45
CF01	Francotyp Postalia Ltd	74 Questor, Powder Mill Lane, Dartford, Kent, DA1 1EF	167.40
CF02	FTSE International Limited	10 Paternoster Square, London, EC4M 7LS	631.20
CI0F	Gatemoor	28 Esplanade, St Helier, Jersey, JE2 3QA	118,862.52
CG00	Glenmere Invest Ltd	4Th Floor, Rjt Edifice, Waterfront Drive, Po Box 260, Road Town, British Virgin Islands, Vg1110	1,018,765.76
CG01	Grath Consultancy Group Limited	33 Queen Street, London, EC4R 1AP	7,920.00
CI0G	Greenshoots-SIG Ltd	Fourth Floor, 11 Berkeley Street, London, W1J 8DS	1,000.00
CI0H	Guoxing Ye	Redacted	4,341.15
CH00	HM Revenue & Customs	bt Management EIS -C, HM Revenue & Customs, BX9 1SH	355,878.45
CI0I	Huijuan Gao	Redacted	6,838.56
CI00	Ice Data Indices Lic	PO BOX 74008873, CHICAGO, IL 60693-8873	35,911.48
CI0J	IFSAM	25, rue Edmond Reuter L-5326 Contern	44,327.41
CI0K	Investor Visa	1 Albemarle Street, London, W1S 4HA	16,820.12
CJ00	Jaguar Building Services Ltd	6 Gracechurch Street, London, EC3V 0AT	2,524.53
CI0L	Jefferson	308 East Bay Street, 1st Floor, Nassau, Bahamas	4,698.67
CI0M	Katya Zhitskaya	Redacted	1,983.71
CI0N	Kaylee Bareti	Redacted	576.85
CL01	Legal & General Assurance Society Limited	Brunel House, 2 Fitzalan Road, Cardiff, CF24 0EB	964.88
CL02	Lewis Silklin LLP	5 Chancery Lane, Clifford's Inn, London, EC4A 1BL	5,274.12
CI0O	Line Trade	Address unknown	489.27
CL03	LONDON STOCK EXCHANGE GROUP	Nieuwezijds Voorburgwal 162, Amsterdam, 1012SJ.	2,043.22
CI0P	Mukhamed-Ali Kurmanbayev	4 The Orchard, Felsted, Dunmow, CM6 3DE	16,567.96
CI000	Multrees Investor Services Limited	40 Princes Street, Edinburgh, EH2 2BY	75,627.93
CI0Q	N Khotrieva	Redacted	188.55
CN00	Nexonia Ince	PO BOX 847164, LOS ANGELES, CA 90084-7164	623.70
CO00	O2	260 Bath Road, Slough, SL1 4DX	1,830.16

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Dolphin Financial (UK) Ltd
B - Company Creditors

Key	Name	Address	£
CI0R	Oksanara Salfie	Redacted	671.08
CP01	Planteria Group	The Old Fire Station, Wheeler Lane, Witley, GU8 5QU	2,079.95
CI0S	Polina Revzina	Redacted	21,133.21
CI0T	Qiaojia Li	Redacted	7,423.57
CQ00	Qiaojia Li	Redacted	4,165.84
CI0U	Rayson Walks Commercial Consultancy UK Ltd	Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BE	2,342.72
CR00	Refinitiv Customer Care Limited	Five Canada Square, Canary Wharf, London	15,696.00
CR01	Restore Datasired	Unit Q1 Queen Elizabeth Distribution Centre, Purfleet Essex, RM19 1NA	211.58
CR02	Rigby Capital	13 Horizon Business Village, Brooklands Road, Weybridge, Surrey, KT13 0TJ	3,957.14
CR03	RMS Capital LLP	Fourth Floor, 11 Berkeley Street, London, W1J 8DS	138,496.87
CI0V	Rong Chuang	Redacted	9,488.53
CR08	Royal London Mutual Insurance Society Ltd	55 Gracechurch Street, London, EC3V 0RL	19,914.85
CR06	RS Management Services Ltd	46B Malpas Road, London, SE4 1BS	1,090.00
CI0W	Russian Agent Ltd	29B Brewster Gardens, London, W10 6AQ	2,271.01
CR07	Russian Federation First Mercantile Fund	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR	1.00
CS00	Siemens Financial Services Limited	Sefton Park, Bells Hill Stoke Poges, Buckinghamshire, SL2 4JS	3,464.38
CS01	Smith & Williamson LLP	25 Moorgate, London, EC2R 6AY	21,035.40
CS02	Spear Publishing Ltd	John Carpenter House, John Carpenter Street, London, EC4Y 0AN	9,000.00
CI0X	Structured Investment Capital Ltd	Fourth Floor, 11 Berkeley Street, London, W1J 8DS	1,000.00
CS03	SWIFT SCRL	Avenue Adele 1, B-1310 La Hulpe, Belgium	2,408.06
CT00	Techrelate Ltd	465c Hornsey Road, London, N19 4DR	8,456.56
CT01	Thomson Reuters Worldcheck	Five Canada Square, Canary Wharf, London, E14 5AQ	2,700.00
CT02	Tradeweb Europe Limited	1 Fore Street Avenue, London, EC2Y 9DT	1,545.12
CT03	Tribus Digital Limited	The Tannery, 91 Kirkstall Road, Leeds, LS3 1HS	714.00
CV00	Volopa Financial Services (Scotland) Limited	22 South Audley Street, Mayfair, London, W1K 2NY	1,800.00
CI0Y	Yingde Group Limited	Room 1002, 10F Easey Commercial Building, Nos. 253-261 Hennessy, Road, Wanchai, Hong Kong	5,845.64
86 Entries Totalling			4,195,704.08

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VI Time analysis for the pre-appointment period

From 1 June 2021 to 29 June 2021

Grade	Hours
Partner/Director	221.24
Associate Director	88.00
Senior Manager/Manager/Assistant Manager	261.01
Other professional staff	161.76
Assistants & support staff	0.00
Total hours	732.01
Total time cost	£ 293,774.40
Average hourly rate	£ 401.33

Explanation of major work activities undertaken

We set out below details of the work undertaken in the pre-appointment period which are necessary for the purpose of placing the Company into Special Administration.

Preparation for the Special Administration

Discussions to assess the whereabouts of books and records, and collect records (where available);
Liaising with S&W's forensic technology department and the head of IT at Dolfin to prepare for a prompt data collection process on appointment;
Review of the available records of the Company to understand its liabilities and Creditor position;
Understanding events leading to Special Administration, to enable post appointment investigations work;
Regular reviews of management information with the Company in order to monitor cashflow income and expenditure and the Company's ongoing financial position;
Liaising and meeting with the FCA, legal advisors and Counsel on the Special Administration process, as relevant to the Company;
Gathering and collating all Client details to ensure they could be contacted promptly after the appointment date;
Gathering information regarding the Company's debtor balance and understanding their likely recoverability;
Advising the Company and liaising with the Company's solicitors regarding the protection of Client and company assets;
Identifying with management key suppliers, including IT infrastructure, in order to maintain access to IT systems and communications post the appointment of the special administrators;
High level consideration of the potential issues for Clients impacted by the Tier 1 Visa issue and the implications for their visa applications given the imminent onset of an insolvency process;
Undertaking company searches and discussing the corporate structure with management and in house legal;
and
Preparing various planning documents.

Sale of Business

As discussed in the body of this report, prior to the commencement of the insolvency a marketing and sale process was undertaken, in order that a sale of as much of the Client book as possible was completed shortly after the joint special administrators were appointed. Work in this regard included:

Managing a data room for sharing company information with the potential purchaser. This required updating throughout the process;

Organising and attending calls between the potential purchaser and the chief investment officer at Dolfin, where further queries were presented;

Providing regular updates to the FCA to keep them informed of the ongoing negotiations with the purchaser through to completion;

Engaging Metis Partners to provide a valuation of the transferring Client book, based on the revenue generated;

Responding to Britannia as the successful bidder and starting the process of preparing for a transfer of assets post-appointment;

Working with management and the Company's solicitors to negotiate and agree the terms of the sale to Britannia and the associated asset purchase agreement document;

Devising Client communication plans and preparing Client communication documents in advance of the sale to Britannia; and

Liaising with management, legal advisors, Britannia and the FCA to agree appropriate communication documents.

Court Application

Providing assistance in conjunction with the Company's legal advisors with drafting the director's witness statement and application to the High Court for the Special Administration;

Discussions with the Company's legal advisors around the content of the proposed joint administrators' witness statements in advance of the application.

Reconciliation

For the purposes of facilitating an early sale to Britannia, it was necessary to undertake as much work as was possible on the Client assets and monies reconciliation prior to the commencement of the insolvency. Work in this regard included:

Liaising between S&W and Tilney colleagues, specialist tax advisors, and forensics personnel to brief and prepare them prior to appointment;

Gathering and interrogating as much data and information as possible in relation to the Company's Clients, Client monies and Client assets in order to prepare for the possibility of not securing access to the platform;

Review of the Company's Client asset platform in order to understand its functionality;

Review of CMAR - Regulatory Return for April 21: Required to confirm the "CASS footprint" for the firm;

Preparing acknowledgement letters confirming the bank accounts where Client money is held;

Ancillary Reconciliations/data exports to support the integrity of the main reconciliations;

Completing the reconciliation at date of Special Administration: Reconciliations and accompanying statements for the end of day position on 21 June provided together with transactional data since the original reconciliation review from 3 June;

Further roll-forward review once the date of Special Administration was confirmed by the High Court; and

Work in relation to 30 June reconciliations and adjustments post-event for the Q2 Custody fees, as agreed with the FCA. The IMS platform was updated for all the agreed fees that were due and payable.

House Assets

To ensure that any remaining house assets could be dealt with post appointment, it was necessary to obtain and scrutinise the books and records of the company and liaise with management. Work in this regard included:

Reviewing the most recent Company accounts and subsequent management information;

Reconciling known chattel assets, including IT equipment, furniture and artwork;

Assisting management with the appointment of specialist chattel agents to value, market and sell the chattels;

Planning to ensure any remaining assets could be fully under the control of the proposed JSAs immediately on appointment;

Obtaining full details of Company bank accounts for house cash;

Reviewing the Company's debtors to interrogate the amounts owed and ensure that, where possible, these were collected prior to the Special Administration.

Communications

Preparation for appointment of lists of relevant stakeholders, preparing for key questions that may be raised by stakeholders and ensuring suitable systems in place to handle enquiries;

Advanced discussions with the FSCS regarding whether any of the Clients may be eligible for compensation;

Obtaining information from the management team and relationship managers in relation to Client introducers so that contact could be made with the introducers immediately post appointment.

Preparing templates for use by staff post appointment in all future communications, including email and letter footers;

Advanced preparation of key communications documents to go live immediately post appointment, including FAQs documents and letters to Clients, Creditors and other stakeholders;

Setting up a dedicated S&W webpage, email accounts and phonenumber for use by Clients and Creditors;

Arranging translations of key documentation into Mandarin.

Ancillary matters

Additional steps were required to ensure continuity of service and effective transfer of control to the proposed JSAs. These included:

Reviewing with the Company's head of IT the Company's IT infrastructure, website and social media and planning for the updates required immediately post appointment;

Reviewing with management the internal controls governing matters such as GDPR, Health & Safety and Insurance;

Obtaining details of existing insurance policies, liaising with existing brokers and making enquiries of other brokers with insolvency specialism to determine the possible cover required and possible post appointment.

VII Time analysis for the period 30 June 2021 to 6 August 2021

Overview

The JSAs' time costs have been apportioned between work undertaken in relation to Company matters, Liaising with regulatory bodies and dealing with Client Money and Custody Assets. These are in the pursuit of Objectives 1, 2 and 3 and can be summarised as follows:

JSA's time costs incurred from 30 June 2021 to 6 August 2021

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Objective 1: Client Monies								
Sale of Client Assets to Britannia	10.45	12.45	10.58	4.23	-	37.72	£20,774.87	£550.82
Client communications	3.65	6.18	3.95	6.05	-	19.83	£10,304.98	£519.58
Reconciliations	4.80	20.77	6.20	2.88	-	34.65	£19,251.41	£555.60
Storage & backup of data	0.70	-	2.00	5.50	-	8.20	£3,764.25	£459.05
Trading matters	9.03	4.20	7.13	11.68	-	32.05	£15,945.92	£497.53
Transfers, returns & sales	12.70	1.38	-	1.12	-	15.20	£10,549.16	£694.02
Strategy & planning	3.50	4.25	7.25	9.92	-	24.92	£11,343.80	£455.27
Reporting	-	-	3.50	0.78	-	4.28	£1,760.20	£410.94
Total	44.83	49.23	40.62	42.17	-	176.85	£93,694.59	£529.80
Objective 1: Custody Assets								
Sale of Client Assets to Britannia	82.73	34.50	21.98	24.65	-	163.87	£95,140.94	£580.60
Client communications	9.90	14.60	22.00	40.68	-	87.18	£38,677.80	£443.64
Reconciliations	10.73	69.90	0.25	2.67	-	83.55	£51,238.80	£613.27
Storage & backup of data	2.15	-	3.25	7.23	-	12.63	£5,850.86	£463.13
Trading matters	29.57	13.90	49.02	52.40	-	144.88	£67,406.00	£465.24
Transfers, returns & sales	56.92	7.72	-	14.23	-	78.87	£48,332.88	£612.84
Strategy & planning	9.60	13.15	27.62	27.50	-	77.87	£35,525.44	£456.23
Reporting	0.50	0.75	3.58	1.45	-	6.28	£2,685.19	£427.35
Total	202.10	154.52	127.70	170.82	-	655.13	£344,857.92	£526.39
Objective 2: Liaison with Regulatory Bodies								
Liaison with Regulatory Bodies	19.40	4.00	2.45	5.00	-	30.85	£19,623.75	£636.10
Total	19.40	4.00	2.45	5.00	-	30.85	£19,623.75	£636.10
Objective 3: Company ("House")								
Administration & planning	27.33	9.80	34.50	26.92	-	98.55	£45,920.80	£465.97
Investigations	3.10	-	11.40	1.25	-	15.75	£7,134.69	£453.00
Realisation of assets	0.75	2.65	12.28	5.58	-	21.27	£9,043.98	£425.26
Creditors	4.23	3.75	5.45	33.72	-	47.15	£16,156.26	£342.66
Corporate Tax	0.90	-	-	0.42	-	1.32	£810.64	£615.66
Total	36.32	16.20	63.63	67.88	-	184.03	£79,066.36	£429.63
Grand Total	302.65	223.95	234.40	285.87	-	1,046.87	£537,242.62	£513.19

Detailed narrative of tasks undertaken

Please note that as certain activities straddle both Client Money and Custody Assets they are reflected across the commentary for both and time has been split between these activities.

Objective 1: Client Money time costs

Sale to Britannia

Preparing detailed communications packs to go live on completion of sale
Arranging translations of key documentation for Clients' benefit
Reviewing and reconciling schedules of proposed Client transfers and resolving differences with Britannia and other stakeholders
Engaging with custodians and banks
Finalising negotiations with Britannia
Analysing Client data and obtaining missing contact information from Dolfin staff
Related employee matters including liaising with the Dolfin HR team
Updating regulators including FCA and FSCS on progress
Regular calls with Britannia and legal advisors throughout, reviewing the terms of sale

Client communications

Issuing initial letters to all Clients with Client Money notifying them of our appointment
Drafting announcement and hosting updates on the Company's own website and dedicated S&W Dolfin website
Setting up a Client helpline number and directing calls to the Company's Client services team
Setting up dedicated email address for general Client queries and transfer queries
Drafting extensive FAQ document and publishing on the dedicated website
Training the Company's staff to deal with Client queries
Preparing documents for the website to inform Clients of the Special Administration process
Drafting and circulating second letter to Clients regarding the JSAs' Proposals
Drafting and making available the JSAs' Proposals
Convening and initial preparations for the Initial Meeting, to include sourcing an appropriate venue

Reconciliations

Review of Company's cash accounting system
Initial work undertaken to reconcile Client Money to the records held in accordance with CASS regulations
Liaising with staff as regards existing reporting and refinements required under CASS/SAR
Project team meetings in respect of reconciliation practicalities
Sourcing appropriate professional contractors with banking and SAR experience to assist the JSAs with their own reconciliation of the Company's records, to include discussions with recruitment agents and interviewing respective candidates
Discussions with external contractors as regards their remit and strategy for assistance on the reconciliation exercise
Discussions with banks (e.g. Bank of New York, Lloyds etc.) for the purposes of gaining access to relevant information and maintenance of the Company's existing relationship with these bodies.

Storage & backup of data

Securing and imaging Company and Client records
Liaising with Dolfin's Head of IT and S&W Forensic team

Trading matters

Managing and consulting with employees retained post Special Administration

Holding employee group briefings and 1-2-1 meetings to update staff on progress of the Special Administration and answer any queries they may have regarding their continued employment

Administering the Company's payroll, including associated tax related matters

Collating and review of information regarding the Company's pension schemes and defraying the necessary monthly contributions

Ensuring contractual benefits offered to employees and relevant insurances remain in place

Review of critical suppliers and providing undertakings to, and liaising with, key suppliers in relation to provision of services and information post Special Administration

Negotiating terms of continued supply where pre-appointment debts remain outstanding to suppliers

Ensuring controlled functions, as required by the FCA, are fulfilled to the extent appropriate

Liaising with IT and data providers to ensure continuity of services

Dealing with all matters requiring the ongoing functioning of the business to ensure Client matters are dealt with expeditiously and in a cost-effective manner

Conducting employee related consultations, meetings, redundancies and retention

Transfers, returns & sales

Issuing communications to Clients invited to transfer to Britannia, with options to early transfer or opt out

Arranging for key communications to be translated into Mandarin Chinese

Reconciling responses received

Liaising with Britannia to interrogate any opt out requests received, allowing the opportunity for relationship managers to verify that this was the desired outcome and not a misunderstanding due to foreign language

Update calls with Britannia team

Provision of weekly updates on responses received and coordinating the relevant paperwork required to facilitate early transfers

Strategy & planning

Case and file set up and planning strategy for dealing with Client Money held

Setting up Client currency accounts to hold Client Money and liaising with banks in relation to Client Money held pre-Special Administration,

Liaising with and agreeing terms with banks to ensure that Client Money is held in accounts that meet prescribed Client Money Rules

Obtaining Client data, reviewing bank statements and transactions, dealing with bank charges and other issues arising

Consideration of foreign exchange conversion

Preliminary work on the strategy to deal with the Residual Client Book

Reporting

Preparation of Client information schedule shortly after appointment to create back up record of Client positions

Preparation of Client Statements as at date of appointment

Liaising with IT contractor to write code to generate reports and statements in required reporting format (e.g. to aggregate Client accounts, include granular detail of stock and cash balances per account and include statutory disclaimers as a footer)

Objective 1: Custody Assets time costs

Sale to Britannia

Preparing detailed communications packs to go live on completion of sale
Arranging translations of key documentation for Clients' benefit
Reviewing and reconciling schedules of proposed Client transfers and resolving differences with Britannia and other stakeholders
Finalising negotiations with Britannia
Engaging with custodians and banks
Analysing Client data and obtaining missing contact information from Dolfin staff
Related employee matters including liaising with the Dolfin HR team
Updating regulators including FCA and FSCS on progress
Regular calls with Britannia and legal advisors throughout, reviewing terms of sale

Client Communications

Issuing initial letters to all Clients with Custody Assets notifying them of our appointment
Drafting announcement and hosting updates on the dedicated S&W Dolfin website
Setting up a Client helpline number and directing calls to the Company's Client services team
Setting up a dedicated email address for Client queries
Drafting extensive FAQ document and publishing on the dedicated website
Training the Company's staff to deal with Client queries
Preparing documents to be sent by post, email and posted to the dedicated website to inform Clients of the Special Administration process
Setting up systems and dealing with Client communications by email, letter and telephone
Liaison with institutional Clients and retail corporate Clients
Drafting and circulating second letter to Clients regarding the JSAs' Proposals
Drafting and making available the JSAs' Proposals
Convening and initial preparations for the Initial Meeting, to include sourcing an appropriate venue

Reconciliations

Initial work undertaken to reconcile Custody Assets to the records held in accordance with CASS regulations;
Liaising with staff as regards to existing reporting and refinements required un CASS/SAR
Maintaining the Company's daily reconciliation procedures
Project team meetings in respect of reconciliation practicalities
Sourcing appropriate professional contractors with banking and SAR experience to assist the JSAs with their own reconciliation of the companies records, to include discussions with agents and interviewing respective candidates
Discussions with external contractors as regards to their remit and strategy for assistance on the reconciliation exercise
Discussions with relevant third parties

Storage & backup of data

Securing and imaging Company and Client records
Liaising with Dolfin's Head of IT and S&W Forensic team

Trading matters

Managing and consulting with employees retained post Special Administration
Holding employee group briefings and 1-2-1 meetings to update staff on progress of the Special Administration and answer any queries they may have regarding their continued employment
Administering the Company's payroll, including associated tax related matters

Collating and review of information regarding the Company's pension schemes and defraying the necessary monthly contributions

Ensuring contractual benefits offered to employees and relevant insurances remain in place

Review of critical suppliers and providing undertakings to, and liaising with, key suppliers in relation to provision of services and information post Special Administration

Negotiating terms of continued supply where pre-appointment debts remain outstanding to suppliers

Ensuring controlled functions, as required by the FCA, are fulfilled to the extent appropriate

Liaising with IT and data providers to ensure continuity of services

Dealing with all matters requiring the ongoing functioning of the business to ensure Client matters are dealt with expeditiously and in a cost-effective manner

Operations call with staff and contractors

Conducting employee related consultations, meetings, redundancies and retention

Transfers, returns & sales

Issuing communications to Clients invited to transfer to Britannia, with options to early transfer or opt out

Arranging for key communications to be translated into Mandarin Chinese

Reconciling responses received

Liaising with Britannia to interrogate any opt out requests received, allowing the opportunity for relationship managers to verify that this was the desired outcome and not a misunderstanding due to foreign language

Update calls with Britannia team

Provision of weekly updates on responses received and coordinating the relevant paperwork required to facilitate early transfers

Strategy & planning

Case and file set up and planning strategy for dealing with Custody Assets held

Review of the Company's nominee and stock control systems

Reviewing Custody Asset accounts in relation to Client assets and locating and reviewing safe held assets

Consideration of strategy as regards to physically held assets

Obtaining Client data, reviewing transactions and dealing with charges and other issues arising

Liaising with FSCS as regard strategy and timing of any compensation to be paid to Clients

Consideration of the repatriation of Client assets and the Bar Date and Distribution Plan process and taking legal advice and liaising with FCA and FSCS

Preliminary work on the strategy to deal with the Residual Client Book

Reporting

Preparation of Client information schedule as at date of appointment for information and voting purposes

Liaising with IT contractor to write code to generate reports and statements in required reporting format (e.g. to aggregate Client accounts, include granular detail of stock and cash balances per account and include statutory disclaimers as a footer)

Investigating a number of Client accounts with a negative or zero cash balance and subsequent adjustments

Objective 2: Liaison with Regulatory bodies time costs

Correspondence, calls and meetings with the FCA. This includes in respect of ongoing investigations

Correspondence, calls and meetings with the FSCS and provision of information to it

Communication (albeit to a lesser extent than for the FCA and the FSCS) with other bodies, such as the Bank of England

Objective 3: Company (“House”) time costs

Administration & Planning

Case and file set up

Administrative filing of statutory documents in accordance with the Rules and Regulations

Providing initial notification of appointment to all requisite stakeholders in accordance with statute and relevant timescales

Formulating, monitoring and reviewing the Special Administration strategy, including internal and external meetings

Planning S&W staff resource and briefing on the Special Administration strategy

Arranging case bordereau

Internal strategy and planning meetings to review progress

Preparing the JSAs’ Proposals and preparing for meeting of Creditors and Clients

Engagement letters with various agents and advisors assisting with the process

Collating information from the Company’s records regarding its tax affairs

Liaising with S&W VAT and corporation tax partners regarding tax efficient strategies on the case

Investigations

Collating and review of the Company’s books and records, to include financial and management accounts and bank statements

Review of Company directorships and writing to all parties that have been directors within the 3 years’ preceding the administration

Issuing questionnaires to statutory directors and certain offer persons to assess reasons for the Special Administration

Writing to the Company’s bankers and obtaining copies of all bank statements for the two years preceding the Special Administration

Preliminary review of the Company’s affairs with a view to drafting a report to the Insolvency Service in accordance with the Company Directors Disqualification Act 1986

Liaising with management to assist with the production of the director’s Statement of Affairs

Ongoing consideration as to whether any matters require further investigation and if there are any transactions or actions that may result in additional funds being recovered from third parties for the benefit of the Company’s Creditors

Realisation of assets

Liaising with banks to freeze existing House accounts and setting up new accounts for company funds

Arranging the transfer of cash at bank to an account under the control of the JSAs

Collating and reviewing information regarding the Company’s assets, to include management accounts and fixed asset register

Identifying and securing Company assets, including establishing ownership of assets on site

Making enquires of the Company’s management

Arranging ongoing insurance cover for the business and assets

Liaising with post-appointment insurance brokers to assess risks and ensure appropriate cover is in place

Engaging with Rabbows, the Company’s chattel agents to ensure current assets under their control are secure

Reviewing debtor ledger and debt collection strategy

Making further enquiries with regards to artwork and other assets on balance sheet
Review of group subsidiaries to establish whether there is any value in the Company's shareholdings
Maintaining receipts and payments for House realisations and associated costs

Creditors

Reviewing the inter-company Creditor position between the Company and connected entities
Collating Creditor details and outstanding balances from the Company's accounts
Notification of appointment to Creditors and providing statutory notice to oversight regulatory bodies
Correspondence and telephone calls with Company Creditors
Ongoing legal matters pertaining to employment tribunal claims and Subject Access Requests, engaging with solicitors and in house legal
Engaging and dealing with ERA Solutions to act as agents in relation to employee matters
Submitting employee related claims to the Redundancy Payments Office
Noting employee claims

Corporate Tax

Providing initial advice and overview of the Company's VAT position and options and tax carry back **status**
Liaising with retained employees/contractors to ensure VAT returns up to date and consider potential for tax reclaims and related recoveries

VIII Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

Smith & Williamson LLP's policies in relation to:

- Staff allocation and the use of subcontractors
- Professional advisers
- Expense recovery

Smith & Williamson LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost-effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

The industry and/or practice area expertise required to perform the required work.

The complexity and nature of the assignment.

The availability of resources to meet the critical deadlines in the case.

The charge out rates or fee structures that would be applicable to the assignment.

The extent to which we believe that the advisers in question can add best value and service to the assignment.

The expertise and experience of the service provider;

The provider holds appropriate regulatory authorisations; and

The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third-party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice

9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or Creditors.

Expenses

Category 1 expenses do not require approval by Client or Creditors. The type of expenses that may be charged as a Category 1 expense to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 expenses do require approval from Client and Creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third-party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

Details of any Category 2 expenses incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates will be issued to Clients and Creditors at the time the approval to basis of the Joint Special Administrators' remuneration is sought.

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2021	London office £/hr	Regional offices £/hr
Partner	750-995	600
Director & Associate Director	494-863	494-519
Managers	375-595	300-419
Other professional staff	175-383	231-269
Support & secretarial staff	125-150	113

Notes

1. Time is recorded in 1 minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. Up to 31 January 2021 the cashiering function time is incorporated within "Other professional staff" rates. From 1

February 2021 the cashiering function time is split between “Other professional staff” and “Associate Director”.

Smith & Williamson LLP Corporate Tax Charge out rates as at 1 January 2021	London office £/hr	Regional offices £/hr
Partner / Director	545-890	490-710
Associate Director	370-500	295-400
Managers	230-430	185-345
Other professional staff	75-230	60-232
Support & secretarial staff	70	55

Smith & Williamson LLP Forensics Charge out rates as at 1 July 2021	London office £/hr
Consulting Partner	808
Senior Managers	595
Other professional staff (including technical support)	196-408

Tilney Smith & Williamson Investment Management Team Charge out rates as at 1 July 2021	London office £/hr
Managers	580
Analysts / Specialists	250

IX Notice of Initial Meeting

**Notification of meeting of clients and creditors
(for Gazette and other advertising)
Dolfin Financial (UK) Ltd - In Special Administration**

Notice is hereby given that a meeting of clients and creditors is to be held on 2 September 2021 at 11.00 at etc.Venues, 1st Floor, 200 Aldersgate St, Barbican, London EC1A 4HD.

The meeting is:

An initial creditors' and clients' meeting in accordance with The Investment Bank Special Administration Regulations 2011 and under Paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule")

A proxy form should be completed and returned to me by 12 noon on 1st September 2021 if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 85 (creditors) and/or Rule 90 (clients) at the meeting, you must provide details in writing of your claim no later than 12 noon 1st September 2021, being the business day before the meeting.

Registered Name of Company: Dolfin Financial (UK) Ltd

Registered Company Number: 07431519

Registered office address: 25 Moorgate, London, EC2R 6AY

Principal trading address if different from above:

Any other name(s) registered as in 12 months prior to commencement of proceedings: None

Any name of style under which traded or incurred credit: None

Office holder(s) acting in the proceedings

Name Adam Henry Stephens	IP Number 9748
Name Kevin Ley	IP Number 25090

Postal address of office holder(s): Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY

Capacity in which office holders are acting Joint Special Administrators

Date of appointment: 30 June 2021

Email by which the office-holders may be contacted: dolfin@smithandwilliamson.com.

Court name relating to the proceedings (if any): High Court of Justice, Business & Property Courts of England & Wales Insolvency & Company List (ChD)

Court reference number: 001111 of 2021

X Claim Forms

Appendix X(i) – Statement of Claim Form – Clients



STATEMENT OF CLAIM - CLIENTS

The Investment Bank Special Administration Regulations 2011

Dolphin Financial (UK) Ltd (in Special Administration)

Part 1: Contact details			
Client name			
Client 'CLN' reference			
Client address			
Part 2: Details of client claim for voting purposes			
			Total Value on 30 June 2021
Client Monies			£
Custody Assets	Description of Asset	Number of Units	Total Value on 30 June 2021
TOTAL CLIENT ASSETS CLAIM (Client Monies plus Custody Assets)			£
Details of any document by reference to which the claim can be supported (e.g. client statements, terms and conditions, etc.) and nature of the ownership right. Please attach.			
Part 3: Confirmation			
Client signature (or person authorised to act on their behalf)			
Name (BLOCK CAPITALS)			
Position with or relation to Client (if the Client has not signed or is a body corporate, e.g. director)			

Please return:

By post: Dolphin Financial (UK) Ltd (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY

By email: Dolphin@smithandwilliamson.com - (please send a scanned 'pdf' copy, including your CLN reference number & 'CLAIM FORM' within the subject heading)

Appendix X(ii) – Statement of Claim Form – Creditors



STATEMENT OF CLAIM - CREDITORS

The Investment Bank Special Administration Regulations 2011

Dolphin Financial (UK) Ltd (in Special Administration)

Part 1: Contact details	
Creditor name	
Creditor address	
Part 2: Details of claim	
Gross amount of claim (incl. VAT if applicable)	
Amount of VAT	
Details of any document by reference to which the claim can be supported (e.g. invoices, statement of account, terms and conditions, etc.). Please attach.	
How did the claim arise?	
Details of any security held, the value of the security and the date it was given	
Part 4: Confirmation	
Creditor signature (or person authorised to act on their behalf)	
Name (BLOCK CAPITALS)	
Position with or relation to Creditor (if the Creditor has not signed or is a body corporate, e.g. director)	

Please return:

By post: Dolphin Financial (UK) Ltd (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY

By email: Dolphin@smithandwilliamson.com - (please send a scanned 'pdf' copy, entitled 'CLAIM FORM' within the subject heading)

XI Proxy Forms

Appendix XI(i) – Proxy Form – Clients

Rule 124

Form 8.2

CLIENT PROXY FORM

The Investment Bank Special Administration Regulations 2011

Dolphin Financial (UK) Ltd (in Special Administration)

Name of Client

Client 'CLN'
Reference

Address

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1 _____
2 _____
3 _____

I appoint the above person to be my/the Client's proxy holder at the meeting of Creditors and Clients to be held on 2nd September 2021 or at any adjournment of that meeting.

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1 That the Joint Special Administrators' proposals be approved. For/Against*
2 For the establishment of a Creditors' and Clients' Committee (if there are sufficient Creditors and Clients willing to act). For/Against*

Only a Creditor or Client of the Company may be nominated and sit on the Committee.

Should you wish to establish a committee, please nominate a member below:

The Committee must comprise of at least 3 but not more than 5 members

Name: _____

Address: _____

This form must be signed to be valid

Please sign:

SIGNATURE: _____

NAME (BLOCK CAPITALS): _____

DATE: _____

Position with or relation to Client (if Client has not signed or is a body corporate) _____

Appendix XI(ii) – Proxy Form – Creditors

Rule 124

Form 8.2

CREDITOR PROXY FORM

The Investment Bank Special Administration Regulations 2011

Dolphin Financial (UK) Ltd (in Special Administration)

Name of Creditor _____

Address _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

- 1 _____
2 _____
3 _____

I appoint the above person to be my/the Creditor's proxy holder at the meeting of Creditors and Clients to be held on 2nd September 2021 or at any adjournment of that meeting.

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

***Please delete as appropriate**

- 1 That the Joint Special Administrators' proposals be approved. **For/Against***
2 For the establishment of a Creditors' and Clients' Committee (subject to there being sufficient clients and creditors willing to act). **For/Against***

Only a Creditor or Client of the Company may be nominated and sit on the Committee.

Should you wish to establish a committee, please nominate a member below:

Name: _____

The Committee must comprise of at least 3 but not more than 5 members

Address: _____

This form must be signed to be valid

Please sign:

SIGNATURE: _____

NAME (BLOCK CAPITALS): _____

DATE: _____

Position with or relation to Creditor (if Creditor has not signed or is a body corporate) _____

XII Guide to the Initial Meeting

Creditors' and Clients' Guide to the Initial Meeting

A meeting of Creditors and Clients ("the Initial Meeting") has been convened as follows:

Date: 2 September 2021
Time: 11:00am (with registration between 10.00 to 10.45am)
Address: etc.Venues, 200 Aldersgate St, Barbican, London EC1A 4HD

What is the purpose of the initial meeting?

At the Initial Meeting we will provide a summary of the JSAs' Proposals, although it will be helpful if Clients and Creditors could familiarise themselves with the JSAs' Proposals beforehand. Clients and Creditors will also be given an opportunity to ask any generic questions, although you should note **there will not be an opportunity to discuss your individual circumstances or holdings at the meeting.**

The formal purpose of the meeting is for Creditors and Clients:

- to approve, modify or reject the JSAs' Proposals;
- decide if they wish to form a Clients' and Creditors' Committee; and
- decide who should sit on the Clients' and Creditors' Committee as representatives for and on behalf of all Clients and Creditors.

A simple majority (i.e. over 50% by value) will pass a resolution, however, Creditors' and Clients' votes are counted separately, so a resolution will only be passed if over 50% of the Clients and 50% of the Creditors vote to approve it.

Do I have to attend the meeting?

No.

There is no requirement for any Creditor or Client to attend the meeting. Non-attendance at the meeting does not affect your position or claim in the Special Administration or your ability to vote at the meeting or any subsequent meetings convened.

If you do not wish to attend the initial meeting but wish to submit your vote, please see the following section.

How do I vote at the meeting?

By 12 noon on 1 September 2021 all Creditors and Clients who wish to vote at the meeting must submit their claim in the Special Administration. This can be done by completing a Statement of Claim form. Please note, there are separate claim forms depending on whether you are a Client or a Creditor and these forms can be found at Appendix X to the JSAs' Proposals or found on the website (<https://smithandwilliamson.com/dolfin-financial/>).

Please note that if you do not lodge a claim now you will still be able to do so at a later date.

All Clients must submit a Statement of Claim form together with written details of your Client Monies and Custody Assets as at 30 June 2021.

All Creditors must submit a Statement of Claim form with a copy of their outstanding invoices, or other appropriate documentary evidence, to show any balance owed by the Company.

i. If you are attending the meeting

If an individual has a claim, either as a Client or Creditor of the Company, you can attend the meeting in person and vote. You will be asked to provide identification (see below) when you register for the meeting. We would request that you return the proxy form to enable us to monitor the number of

Creditors likely to attend the meeting in light of the Covid-19 position, there is no regulatory requirement to return the proxy form.

If you are attending the meeting on behalf of a corporate entity, the company on whose behalf you are attending must submit a proxy form by 12 noon on 1 September 2021 to confirm that you have been appointed as the company's proxy. The proxy will also allow the company to decide how you may vote. You will also be asked to provide identification when you register for the meeting.

ii. If you are not attending the meeting

You will need to complete and return a Proxy Form to enable someone else to vote at the meeting on your behalf. You may nominate the chair of the meeting (who will be one of the Joint Special Administrators) or any other person who is attending the meeting. You can direct how that person votes on your behalf, or you can allow them to vote at their discretion.

Please ensure you sign the proxy form and submit a Statement of Claim form so your vote is valid.

If you are signing the proxy form and Statement of Claim form on behalf of a company, or another person, you must also provide documentary evidence to show why you have authority to sign on its/their behalf.

What is the value of my claim for voting purposes?

Creditor and Client claims are calculated differently.

i. Creditors' claims

Creditors' voting rights are calculated according to the amount owed to them on 30 June 2021, less any adjustments by way of set-off or mitigation.

Creditors should complete a Statement of Claim form and attach evidence of their claim. The Statement of Claim form can be found at Appendix X to the JSAs' Proposals or available to download at the website (<https://smithandwilliamson.com/dolfin-financial/>)

The JSAs will compare the claim received against the records of the Company. In respect of an unliquidated or uncertain claim, the JSAs reserve the right to allow the claimant to vote for £1.

ii. Clients' claims

Clients' voting rights are calculated according to the value of their Custody Assets at the close of business on 30 June 2021, plus any Client Money held for them.

Clients should complete a Statement of Claim form and attach written details of your Client Monies and Custody Assets as at 30 June 2021. The Statement of Claim form can be found at Appendix X to the JSAs' Proposals or available to download at the website (www.ips-docs.com)

The requirement to confirm details of your claim at this stage is purely to support your entitlement to vote at the meeting.

As detailed above, you will need to complete and return a Statement of Claim form to the JSAs' office by 12 noon on 1 September 2021 to enable you to vote at the meeting.

The chair of the meeting will decide whether your claim is admitted, amended or rejected for voting at the meeting. This decision does not represent formal acceptance, amendment or rejection of your claim for distribution purposes, nor does it prejudice the rights of a Creditor or Client to prove their claim for a different amount in the future.

You are entitled to appeal to the Court if you disagree with the chair's decision about the value of your claim for voting purposes.

What time should I arrive at the meeting?

Registration for the meeting will take place between 10:00am and 10:45am, with formal proceedings commencing at 11:00am.

We urge Creditors and Clients to register as early as possible on the day in order to ensure a prompt start to formalities.

Bearing in mind the number of Clients and Creditors that may wish to attend the meeting, spaces at the venue may be limited on the day.

What identification do I need to bring to the meeting?

Personal identification will be required as part of the registration process. Please remember this on the day in order to ensure admission to the meeting. We will accept:

- a driving licence or passport;
- a photocard, credit card or debit card; or
- a parking blue badge.

Please note, a council tax or utility bill will not be valid forms of identification for registration.

What does being a member of the committee entail?

Creditors and Clients are invited to form a committee. The committee will assist the JSAs discharge their functions.

Please note that if a committee is formed, it will be for the committee to approve:

- the basis of the JSAs' remuneration
- their pre-appointment fees and expenses; and
- their discharge from liability upon vacating office

In the event a committee is not formed, these responsibilities will fall to the general body of Creditors and Clients.

Should you wish to nominate yourself or someone else to sit on the committee please complete and return the proxy form. Please note, only a Client or Creditor of Dolfin may be nominated to sit on the committee.

The committee will be formed if sufficient Clients and Creditors are nominated and willing to act. We consider a committee of three Clients and two Creditors would be appropriate. Committee members will be expected to sign a confidentiality agreement. The FCA is entitled to attend the meetings and we also anticipate that the FSCA will attend.

The committee represents the interests of the Clients and Creditors as a whole, rather than the interests of certain parties or individuals. Its statutory function is to help us to discharge our responsibilities as JSAs.

Summary of documents you need to complete to vote at the initial meeting:

What you need to do:	If you are attending:	If your proxy holder is attending (i.e. on your behalf or if you are a company):
Documents to submit before the meeting, and at the latest by 12noon on 1 September 2021.	1. Statement of claim form and documents in support of your claim	1. Statement of claim form AND 2. Proxy form
Documents to bring with you to the meeting	Identification document (see above)	Identification document (see above)

www.smithandwilliamson.com

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