



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

### Update for Clients and other stakeholders 12 July 2021

This is an update for Clients and other stakeholders affected by the Special Administration of the Company. It sets out updated details on the return of Client Money and Custody Assets belonging to the Clients of the Company.

#### **IMPORTANT - UPDATE FOR CLIENTS WITH CUSTODY ASSETS & CORPORATE ACTION INCOME (CAI) THAT DID NOT OPT OUT OF THE TRANSFER TO A NOMINATED BROKER**

The JSAs are pleased to advise that the transfer of Custody Assets, CAI and, subject to Client instructions, the first distribution of pre-pooling Client Money to Nominated Brokers is practically complete. Transfer instructions have been issued for more than 98% of Transferrable assets.

The JSAs are working with the Nominated Brokers to finalise the transfer of the very few remaining stock lines whose transfer cannot yet be instructed due to a bespoke solution being required for each to overcome specific challenges. Specific update for a selection of the more significant remaining stock lines is expected in next month's update.

#### **IMPORTANT - UPDATE FOR CLIENTS WITH CUSTODY ASSETS & CORPORATE ACTION INCOME (CAI) THAT DID OPT OUT OF THE TRANSFER TO A NOMINATED BROKER**

After several weeks of preparation, the Distribution of Custody Assets and CAI for Clients that did opt out of the transfer to their Nominated Broker has commenced. A few bulk Distributions have already been instructed and the JSAs continue to work with intermediaries and named new brokers to return Custody Assets as soon as possible. The JSAs are also working to distribute Custody Assets and CAI where individual clients have provided their new broker's instructions. The JSAs have recently written to Clients who opted out of the Nominated Broker Transfer but have not yet provided new broker details for any Distribution of Custody Assets and CAI.

In the meantime we encourage Clients who have not provided details of their selected broker to do so via the Portal as soon as possible.

Once the instructions for the Distribution of a Client's Custody Assets and CAI have been issued the JSAs will notify the Client in writing. We therefore request that these Clients wait to receive written confirmation from the JSAs of the Distribution. They should then be able to obtain confirmation of receipt of their Custody Assets and CAI from their new broker.

#### **IMPORTANT - UPDATE FOR CLIENTS WITH INNOVATIVE FINANCE ISAs (IF ISA)**

The JSAs were recently informed by the proposed sixth Nominated Broker that they were no longer able to proceed with the Transfer of all Custody Assets held within Innovative Finance ISAs.

Due to the nature of the product, an IF ISA, there are far fewer brokers that have the necessary permissions to hold assets held within this tax wrapper and are prepared to accept new clients and, for these reasons, there is no alternative Nominated Broker for the IF ISA holding Clients. This means that your Custody Assets and CAI will be returned to a broker of your choosing via a Distribution process.

The JSAs will be writing to all Clients with an IF ISA in the next two weeks with more information and details on how to participate in the Distribution process.

#### **IMPORTANT - UPDATE FOR CLIENTS WITH CLIENT MONEY**

The JSAs are continuing to take steps to try to obtain instructions from all Clients who have not yet provided these in respect of their Client Money.

#### **First interim distribution (first phase)**





- Clients who submitted a claim to Client Money and a Client Money Instruction Form (CMIF) prior to 7 August 2020 were able to participate in the first phase of the first-interim distribution.
- The JSAs have now completed the first phase of the first interim distribution with the exception of a small number of Client plans where additional information is still required from Clients.

### **Catch up first interim distribution (second phase)**

If any Client has not yet submitted a Claim to Client Money or CMIF, this can still be done at any time through the Portal. Before submitting a CMIF, Clients should familiarise themselves with the terms and conditions of the distribution of the CMP which is available in the Client Money Distribution section of the JSA's website.

The JSAs issued a letter in May 2021 providing notice of a “catch-up” first interim distribution for all Clients who did not submit their CMIF in advance of the 7 August 2020 deadline or are still yet to do so. Clients were requested to submit their CMIF before 17.00 hours on 18 June 2021 in order to ensure they receive their catch-up distribution at the earliest opportunity.

Catch up payments to Clients that submitted these instructions by the deadline have started and will continue over the next few weeks.

The JSAs will shortly be issuing further letters and emails (where possible) to Clients who are required to either:

- Provide additional information to verify the bank account to which they have requested their Client Money to be distributed; or
- Update previously submitted ‘hold’ instructions now that the identity of their respective Nominated Broker has been confirmed; or
- Log back on to the Portal and correctly submit their CMIF by completing the CMIF declaration to confirm their acceptance to the terms and conditions of the Client Money Distribution (in a number of cases Clients have selected their preferred instruction for their plan(s) but not completed this final step). The JSAs cannot process a distribution until this final step is completed.

### **Final Client Money distribution and closing the Client Money Pool (“CMP”)**

Clients were first informed of the JSAs intention to close the CMP to claims in the recent progress report.

The first formal notice of the JSAs intention to close the CMP to claims was provided in the recent letter sent to all Clients that are yet to submit a claim to Client Assets and/or a CMIF. Where a response is not received within 28 days from the Client, additional steps will be taken to contact them in accordance with the Client tracing program (the JSAs are obliged to take all reasonable steps to return assets to Clients in accordance with the Regulations and CASS).

To this end, the JSAs and Reyker Client Services have:

- conducted an email and telephone campaign to contact Clients that had not yet submitted their claim; and
- instructed external agents to conduct additional searches to identify next of kin or estate executors where Clients have passed away (and no contact details are available and no claim has been submitted) and to identify new contact details where Clients with large Client Money balances have not submitted a claim or otherwise acknowledged the Special Administration or responded to the JSAs many efforts to contact them at their last known address (or email and telephone number where known).





Since the first formal notice was sent, the number of Clients that have not yet submitted a claim to the CMP has decreased from 1,432 to 1,067 (a decrease of more than 25%).

In due course the JSAs will file an application in Court and with the FCA (for any Client Money Rules modification they require) in order to close the CMP in late 2021. Subject to Court availability and the relevant permissions being granted, Clients that have submitted their claim and distribution instructions may therefore receive the balance of their Client Money in November or December of 2021.

**If you have not yet submitted a claim via the Portal and/or completed a CMIF you are very strongly encouraged to do so as soon as possible as the JSAs will be taking steps later this calendar year to close the CMP to claims. This will mean you will lose your ability to claim your share of Client Money from the CMP.**

### **Further information for all Clients with Custody Assets and/or CAI transferring to a Nominated Broker**

#### Transfers of electronically held securities

The overwhelming majority of electronically held securities have now been transferred and should be showing in Client's accounts although it may take several weeks for some stocks to transfer and, in exceptional circumstances with the Registrar or Fund Manager, months.

#### Corporate Action Income (post-pooling)

All CAI received and allocated to Client ledgers up to 30 June 2021 (previously 18 March 2021) and due to Transfer to a Nominated Broker has now been processed with the exception of CAI due to transfer on behalf of Clients whose intermediary Investment Manager was Ingenious. The JSAs await further instructions from Ingenious before such transfers can be processed.

The JSAs intend to action a further sweep of any CAI received and allocated to Client ledgers in the period from 1 July 2021 up to 31 July 2021 during August 2021 and periodically thereafter.

#### Securities held in statement format with various Fund Managers

The JSAs have now given instructions for the re-registering of almost all fund positions. Clients should note that the re-registration process requires action to be taken by third party Fund Managers that may currently be working to a reduced capacity due to COVID, so some transfers may take longer than others. Work continues with the new brokers and registrars on the final few stock positions. An itemised, by stock line, update on any remaining transactions will be provided in August.

#### Paper certificates held in Reyker's safe custody

The transfer of Paper (certificated) holdings is nearly complete. Clients should please note that the re-registration process requires action to be taken by third party registrars that may currently be working to a reduced capacity due to COVID so some transfers may take longer than others. In some cases Fund Managers are not processing the transfer instructions or responding adequately to the JSAs enquiries in order to facilitate the transfer. Work continues with the new brokers and Fund Managers on the final paper certificate transfers. An itemised, by stock line, update on any remaining transactions will be provided in August.

### **Disclaimer**

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

### **Fraudulent communication**





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

### Further information

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

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

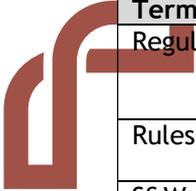
### Glossary

Capitalised terms within this document are defined as follows:

Term	Definition
CASS	The FCA's "Client Assets Sourcebook" rules
Client	A party for whom the Company held either Client Money or Custody Assets or both on their behalf
Client Assets	Client Money and Custody Assets
Client Money	Money of any currency that the Company has received or holds for, or on behalf of, a Client as at 8 October 2019
Creditors' Committee	The Creditors' Committee of Clients and Creditors established in order to take certain decisions on behalf of the Clients and Creditors as a whole.
Company / Reyker	Reyker Securities PLC - in Special Administration
CAI	Corporate Action Income, being income arising from Custody Assets and received on behalf of Clients following 8 October 2019
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients as at 8 October 2019
Distribution Plan	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody Assets
Investment Manager	An organisation that manages investments in funds and other portfolios of Client Custody Assets on behalf of Clients under the terms of an investment management agreement
JSAs	The joint special administrators
Nominated Broker	One of the designated brokers who will receive a transfer of Client Assets following the approval of the Distribution Plan
Portal	The online Client Claim Portal, available at <a href="http://www.reykerportal.com">www.reykerportal.com</a>

Glossary (continued)





<b>Term</b>	<b>Definition</b>
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
S&W	Smith & Williamson LLP
Special Administration	The special administration of the Company

*The affairs, business and property of Reyker are being managed by the Joint Special Administrators who act as agents of the Company, without personal liability. Mark Ford, Adam Stephens and Henry Shinnars are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. Reyker remains authorised and regulated by the Financial Conduct Authority. FCA reference number 115308. Registered in England No. 01747595*

