



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

FAQs - Client Assets Return Statement December 2020

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

These FAQs contain important information for Clients relating to the Client Assets Return Statement (available on the Portal) and should be read in conjunction with our previously provided FAQs, Client correspondence and reports.

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

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

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

Client Assets Return Statement

Q. What is a Client Assets Return Statement?

Your Client Assets Return Statement details the Custody Assets and Corporate Action Income held on your behalf by the Company as at **14 December 2020**, being the Transfer Selection Date and last practicable date prior to the release of your statement pursuant to the terms of the Distribution Plan.

Q. What information does the Client Assets Return Statement include?

The statement includes (among other things):

- The identity of the Nominated Broker(s) to whom your Custody Assets and / or Corporate Action Income will transfer;
- The number of units of Custody Assets to be transferred to the Nominated Broker(s) chosen for you;
- The amount of Corporate Action Income received following 8 October 2019 and to be transferred to the Nominated Broker(s) chosen for you;

Confirmation of your FSCS eligibility status for compensation - where you are eligible for compensation (see **Q. Am I eligible for the FSCS compensation?** below) the FSCS will be able to pay your Claimant's Share of Costs;

- Your Claimant's Share of Costs up to a maximum of £2,500, calculated in accordance with the Distribution Plan; and
- Whether you have met the Transfer Conditions as set out in the Distribution Plan (see **Q. Do I need to do anything in relation to my Client Assets Return Statement?** and **Q. What are the Transfer Conditions?** below).





Q. How do I view my Client Assets Return Statement?

To access the Portal to view your Client Assets Return Statement, please use the following details:

Website: www.reykerportal.com/login
Client ID: Provided at the top of all correspondence to Clients
Password: This will be either your own choice of password (where you have previously logged on to the Portal) or, alternatively, the initial password provided in the JSAs' letter dated 6 March 2020.

Should you need to reset your password please contact Client Services on 0800 048 9512.

If you do not have access to the internet and require a hard copy of the Client Assets Return Statement, please contact Client Services on 0800 048 9512 or clientservices@reyker.com.

Q. Am I eligible for FSCS compensation?

The JSAs recently wrote to all Clients and confirmed whether you have been accepted for FSCS compensation or not. Confirmation is also provided on the Client Assets Return Statement. The vast majority of Clients have been accepted for FSCS Compensation.

Please note that Clients that have not yet established their eligibility to FSCS compensation but are in discussions with the FSCS have up until 22 January 2021, being the Transfer Cut-off Date, to confirm their eligibility status or pay their Claimant's Share of Costs and participate in the Transfer as outlined on their Client Assets Return Statement.

Q. Do I need to do anything in relation to my Client Assets Return Statement?

If, like the vast majority of Clients, you have been accepted for FSCS compensation, you meet the Transfer Conditions set out in the Distribution Plan and you are satisfied with your transfer to the Nominated Broker(s) chosen for you then no further action is required by you.

Action is only required if you wish to opt out of the proposed transfer to the Nominated Broker(s) chosen for you. See *What if I do not want my Custody Assets and/or Corporate Action Income to transfer to the Nominated Broker chosen for me?* below.

However, if you are not eligible for FSCS compensation, you will be required to pay your Claimant's Share of Costs prior to the Transfer to the Nominated Broker(s) and will be provided with a Payment Options Form. The JSAs will have written to you with a copy of the Payment Options Form if you are required to take this step. The Payment Options Form will provide you with three alternative methods of settling your Claimant's Share of Costs. If you have not received a Payment Options Form by post from the JSAs, then no further action is required in this regard.

Q. How does the Client Assets Return Statement differ from the previous statements provided?

The Client Assets Return Statement is different to the 'Client statement' previously issued and made available via the Portal as the 'Client statement' provided details of your Client Assets, including both Custody Assets and Client Money, as at 8 October 2019 (being the date of the JSAs' appointment) **only**.

The Client Assets Return Statement provides confirmation of your transferring Custody Asset holdings and related Corporate Action Income as at 14 December 2020 (being the Transfer Selection Date) and, as such, there may be a number of differences between the two statements to reflect the change in position over time. For example, additional units or





dividends that have been received as a result of corporate actions relating to your Custody Assets following 8 October 2019.

Any Custody Assets that have been determined as Non-Returnable Assets will not be transferred and these have been highlighted in the relevant section of your Client Assets Return Statement with an explanation of the reasons for this. See [What are Non-Returnable Client Assets?](#) below.

Please note, any Custody Assets that may still be transferred but where a Nominated Broker has not yet been identified have been excluded from your Client Assets Return Statement. A separate Client Assets Return Statement will be issued at the time a Nominated Broker has been found. This only affects a small number of Clients and principally relates to those that hold Child Trust Funds or Innovative Finance ISAs and the JSAs continue their discussions with potential Nominated Brokers.

Q. What are the Transfer Conditions?

The Transfer Conditions are referred to in clause 5.4 of the Distribution Plan and need to be met before the JSAs can transfer or distribute your Client Assets set out in the Client Assets Return Statement. These include the payment of your Claimant's Share of Costs or any outstanding Pre-Administration Liabilities.

Q. What if I do not want my Custody Assets and/or Corporate Action Income to transfer to the Nominated Broker chosen for me?

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

Please note, should Clients opt out of the proposed transfers it will result in a significant delay in the return of Custody Assets and Corporate Action Income as the JSAs must prioritise the bulk transfers to the Nominated Brokers as this is in the best interests of the majority of Clients.

To opt-out, Clients are required to select the 'Opt-out Request Form' on the 'Client Assets Return Statement' area on the Portal and follow the instructions or, alternatively, request a paper copy of their Client Assets Returns Statement to be sent to them which will include a paper-based equivalent of the Opt-out Request Form to complete, sign and return.

In due course the JSAs will set a Distribution Selection Date and, where necessary, provide you with a Client Assets Return Statement for that distribution in accordance with section 6 of the Distribution Plan. When opting out of any Transfer, you will be asked to nominate your own choice of broker and/or ISA Manager to whom your Custody Assets and Corporate Action Income are to be distributed to.

CLIENTS WHO WISH TO OPT OUT OF THE TRANSFER MUST DO SO BY NO LATER THAN MIDNIGHT ON 22 JANUARY 2021 (being the Transfer Cut-off Date).

Q. What information is required to nominate an alternative broker and/or ISA Manager?

In order for the JSAs to process a distribution to an alternative broker and/or ISA Manager, it is the Client's responsibility to ensure you have:

1. Contacted the proposed new broker or ISA manager and opened an account;
2. Confirmed that the new broker or ISA manager can receive the specific assets that you wish to distribute to them; and





3. Obtained all relevant references for your new account in order that the JSAs may complete the distribution once a Distribution Selection Date has been set.

The JSAs will be unable to distribute Custody Assets and/or Corporate Action Income until the above steps have been completed.

Q. Can I choose to opt-out of some (but not all) plans held with the Company?

Yes. The opt-out request form allows you to select which plans you wish to opt-out of the Transfer.

Q. Can my IFA and/or Investment Manager opt out on my behalf?

A number of Clients have Investment Managers and IFAs who manage their affairs on their behalf. Please note, any requests to opt out of the Transfer cannot be received directly from your IFA or Investment Manager by email.

Any instructions to opt out of the Transfer must be via the Client Assets Return Statement; this can be completed by a Client Representative, through the Portal or in hard copy, where you have provided the required authority for them to do so.

Q. What are Non-Returnable Client Assets?

A number of Client Assets are deemed, at the JSA's discretion to be Non-Returnable where, for example, the securities have been delisted or the company (where Reyker holds share certificates) is in liquidation and so the Custody Asset cannot practically be returned to you. For completeness, such assets are highlighted on your Client Assets Return Statement in the appropriate section. These assets cannot transfer the Nominated Broker(s) selected by the JSAs or otherwise.

Q. What does the 'Corporate Action Income' section of the Client Assets Return Statement refer to?

The Corporate Action Income section of your Client Assets Return Statement details Client Money received on or after 8 October 2019 as a result of corporate actions relating to your Custody Assets. These funds will be transferred to the Nominated Broker(s) chosen for you along with your Custody Assets.

Client Money received prior to 8 October 2019 is dealt with under a separate process (the Client Money distribution) and does not form part of the transfer to the Nominated Brokers.

Q. Why is my Client Money not shown on the Client Assets Return Statement?

The Client Assets Return Statement does not include Client Money held on your behalf before the JSAs' appointment (8 October 2019) as this is being returned to you under a separate process, being the Client Money Distribution.

If you previously instructed the JSAs to hold your Client Money in any of your plans until such time that the Distribution Plan had been approved (with a view to your Client Money and Custody Assets being returned to the same Nominated Broker) the JSAs will write to you explaining that you now need to provide your explicit consent to your respective Client Money being transferred to the designated Nominated Broker(s).

This can be done by returning to the 'Client Money Instruction Form' on the Portal and selecting 'update instructions' and following the instructions provided.

This consent is required now that the identity of the Nominated Broker chosen for you has been confirmed by the JSAs. If you do not wish for your Client Money to be distributed to this Nominated Broker(s), there are three alternative distribution options you may select from. Further detail regarding these options is available on the Portal and the Website.





Payment Options Form

Q. Why have I been sent a Payments Options Form?

A very small number of Clients (less than 1%) are not presently considered to be FSCS Protected Claimant's. This may be because either:

- They have submitted a claim to FSCS compensation and the FSCS have confirmed they do not meet the eligibility criteria; or
- They have Client Assets totaling more than £85k as at 8 October 2019 and have not yet submitted a Claim declaration via the Portal (or otherwise) and, therefore, have not confirmed that they wish to be considered for FSCS compensation.

Such Clients are required to pay their Claimant's Share of Costs prior to the Transfer Cut-off Date in order to participate in the Transfer outlined on their Client Assets Return Statement.

Some Clients may also owe Outstanding Pre-Administration Amounts that must be paid prior to the Transfer Cut-off Date.

In order to facilitate this, a Payment Options Form has been sent via post to those Clients affected.

A copy of the Payment Options Form will also be available via the Portal (only for those Clients who are required to settle their Claimant's Share of Costs).

If you receive a Payment Options Form but feel that you should be eligible for FSCS compensation and this has not been reflected on your Client Assets Return Statement, please email reyker.securites@smithandwilliamson.com for assistance.

Q. What are the payment options?

The payment options available are:

1. **Cash Option:** You may pay your Claimant's Share of the Costs or Outstanding Pre-Administration Amounts directly to the Company by cheque or bank transfer.
2. **Client Money option:** You may instruct the JSAs to use your Client Money entitlement (to the extent this has not already been distributed to you) or your Corporate Action Income received following 8 October 2019 to pay your Claimant's Share of Costs or any Outstanding Pre-Administration Amounts.
3. **Liquidation option:** You may instruct the JSAs to liquidate a sufficient amount and type of your Custody Assets to pay your Claimant's Share of the Costs or Outstanding Pre-Administration Amounts.
4. **Multiple Option:** If the use of a single payment option is insufficient to discharge your Claimant's Share of the Costs, you can choose more than one costs payment option.
5. **Irrevocably waive your entitlement to your Custody Assets and Corporate Action Income:** This may be appropriate where you consider you consider the material value of your assets to be less than the amount you have to pay.

You must select your chosen option(s) on the Payment Options Form and return the completed form to the JSAs.





Settlement of your Claimant's Share of Costs must be received in full prior to 22 January 2021 (the Transfer Cut-off Date) to ensure your Custody Assets and Corporate Action Income are included in the Transfer.

Q What are the Costs for transferring Custody Assets?

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

If your Custody Assets were valued at less than £2,500 as at the date of the JSAs' appointment (being 8 October 2019), then your Claimant's Share of Costs will be capped to the value of your Custody Assets as at that date in accordance with the terms of the Distribution Plan.

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

Further information

Further information and frequently asked questions on other matters relating to the special administration (e.g. the distribution of Client Money) can be found on our website, or by clicking this link <https://smithandwilliamson.com/reyker-securities-plc/>

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

Disclaimer

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

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

