



Reyker Securities PLC (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

25 November 2019



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1. Glossary

Abbreviation	Description
Act	The Insolvency Act 1986
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
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 I and available to download at www.ips-docs.com)
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 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 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
Client Statement	The statement of Client Money and Custody Assets that each Client should receive along with the JSAs' letter dated 22 November 2019 notifying them of the Proposals and the Initial Meeting
Company	Reyker Securities Plc (in special administration)
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 A
Distribution Plan	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody Assets
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
FSMA	The Financial Services and Markets Act 2000
Hilco	Hilco Appraisal Limited - t/a Hilco Valuation Services
HMRC	HM Revenue & Customs
House Assets	The Company's own assets available for realisation to the administration estate
IFA	Independent Financial Advisor
Initial Meeting	The initial meeting of Clients and Creditors to be held at 11.00am on 16 December 2019 (registration will take place between 10.00am and 10.45am).
Investment bank	a company based in England and Wales with permission under FSMA to carry on certain regulated activities which holds Client Assets.
The JSAs	The Joint Special Administrators, being Mark Christopher Ford, Adam Henry Stephens and Henry Anthony Shinnars of Smith & Williamson LLP
The JSAs' Reconciliation	An independent reconciliation of the Client Money and Custody Assets to be completed by the JSAs
LSE	London Stock Exchange
NatWest	NatWest Bank plc, being the secured creditor
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 creditors
PPE	Primary pooling event
Premises	17 Moorgate, London, EC2R 6AR, being the Company's former registered office and trading address
Proposals	The JSAs' proposals for achieving the Objectives of the Special Administration
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 J and available to download at www.ips-docs.com)

Abbreviation	Description
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
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
Seneca	Seneca Partners Limited
SOA	Statement of Affairs
Special Administration	The Special Administration of the Company following a court order dated 8 October 2019
SIP	Statement of Insolvency Practice (England & Wales)
SIPP	Self-Invested Personal Pension
S&W	Smith & Williamson LLP
S&WFS	Smith & Williamson Financial Services LLP
VREQ	A voluntary requirement requested by an FCA-authorised firm which is duly imposed upon its own permissions or regulated activities by the FCA

2. Introduction

HIGHLIGHTS - WHAT YOU NEED TO KNOW IF YOU ARE A CLIENT OF THE COMPANY:

1. The JSAs were appointed to the Company with effect from 2.35pm on 8 October 2019 and immediately secured all Client Money and Custody Assets held on behalf of its Clients at this time;
2. According to the Company's reconciliation performed shortly following the JSAs' appointment, the Company held Client Assets totalling circa £980m, being £57m of Client Money and £923m of Custody Assets;
3. Prior to returning or transferring any of the Client Assets, the JSAs need to complete an independent reconciliation of the Company's records to the physical assets held. This work is at an early stage, however, no material deficiencies in Client holdings have been identified to date;
4. 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. For eligible claims, the FSCS can pay up to £85,000 in compensation per person or small business. Further details can be found at the FSCS website www.fscs.org.uk/your-claim/eligibility-rules.
5. Once the JSAs' Reconciliation is complete, it is anticipated that Client Assets will be transferred to either a purchaser of the business or, alternatively, to one or more preferred nominated brokers. A formal Bar Date and Distribution Plan is likely to be required to facilitate this in accordance with the Regulations and the Rules.
6. This report 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).
7. The Initial Meeting of Clients and Creditors will be held on **Monday 16 December 2019 at 11.00am at etc. venues, 155 Bishopsgate, London, EC2M 3YD**. Registration will take place between 10.00am and 10.45am.
8. Positive action is required 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 may wish to take 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.**
9. To assist in valuing your claim for voting purposes, a Client Statement was recently issued to you confirming your total portfolio value (as per the Company's records) as at 8 October 2019. The Client Statement has not yet been independently verified by the JSAs and is subject to change. The Client Statement is not final confirmation of your holdings or claims, however, the JSAs will accept these indicative holdings for the purposes of valuing Clients' claims should they wish to vote at the Initial Meeting.
10. Should you have any queries, please contact the Client Services Team on 0800 048 9512 or, alternatively, by email at reyker.securities@smithandwilliamson.com.

2.1 Appointment of the Special Administrators

Mark Ford, Adam Stephens and Henry Shinnars of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, all being licensed insolvency practitioners, were appointed by the Court as the JSAs of the Company on 8 October 2019.

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

Appendix A contains statutory information in respect of the Company and the JSAs that is required under rule 59 of the Rules.

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 Monies and/or Custody Assets and holds certain regulated activities on its scope of permission granted by the FCA. The Company falls within this definition and is 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 are taking 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 or 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 submit a claim to 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 an 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 then assume those Clients' claims 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 of the Company. As such, you are entitled to attend the Initial Meeting of Clients and Creditors on 16 December 2019 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). Section 13 provides 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 funding the costs of that process.

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 Company's records suggest it had approximately 11,500 clients.

2.5 What are Client Assets?

This refers to both Client Money and Custody Assets.

Client Money refers to the segregated cash balances, totalling approximately £57 million, held by the Company at the date of our appointment or received shortly thereafter. Such balances were held across 118 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's Nominee, being Reyker Nominees Limited, on behalf of the Clients.

2.6 What is a Creditor?

A Creditor is broadly split into three categories:

1. Client's 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. If claims are paid by the FSCS, the FSCS will then assume those Clients' claims against the Company. Clients may also have unsecured claims for breach of contract or negligence;
2. Secured creditors - in this case NatWest who has an outstanding debt arising from the Company's credit cards, secured by way of a debenture dated 4 April 2016;
3. Ordinary preferential and unsecured creditors, which include the claims of trade creditors, HMRC and employees. Such creditors do not hold any security granted by the Company.

2.7 Summary of actions to date

Since their appointment, the JSAs have:

1. Maintained non-trading operations at the Property with a view to achieving the Objectives of the Special Administration;
2. Taken steps to safeguard all Client Money, Custody Assets and House Assets;
3. Instructed third-party consultants with specialist knowledge of SAR and CASS to assist with the JSAs' Reconciliation;
4. Engaged a specialist marketing company with recent and relevant experience and, together, undertaken an accelerated marketing process for the business and assets of the Company and followed up on in excess of 130 expressions of interest;
5. Established effective lines of communication for liaising with the Company's 11,500 clients, to include the use of websites, the Company's client portal, a dedicated call centre manned by the Company's own client services team and S&W staff and direct dialogue with a number of corporate intermediaries who referred Clients to the Company and have an ongoing relationship with them; and
6. Contacted all of the relevant market infrastructure bodies and Authorities and, in particular, have been in frequent contact with the FCA and FSCS.

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

2.8 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 the JSAs' Reconciliation of each Client's respective portfolio. This is a statutory obligation and we are seeking to complete this work as early as possible and further detail is provided in section 5.2.1.

The completion of the JSAs' Reconciliation is necessary to ensure the Company's books and records are properly verified, to protect each Client's holdings and to ensure each Client is treated properly and proportionately in any distribution or transfer process and in accordance with their interests.

If instead Client Money and Custody Assets were to be transferred to a new broker and/or otherwise distributed to Clients now, 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. Therefore, in addition to the completion of the JSA's Reconciliation, the Regulations and Rules provide for a process that offers protection to Clients and the JSA's against claims like that.

Essentially, the process involves the JSAs setting a deadline for Clients to submit claims to Custody Assets (known as the Bar Date) and for the Custody Assets to be subsequently transferred according to a detailed plan prepared by the JSAs and approved by the Clients' and Creditors' Committee and the Court (known as a Distribution Plan). The Regulations and Rules provide for a similar Bar Date process for Client Money, however, a Distribution Plan does not cover Client Money and, therefore, a different distribution process will be required.

The significant advantage to Clients in following these processes is that Clients are given the opportunity to agree their claim to Client Assets and, once Clients receive their Custody Assets and / or Client Money from the Company, the Regulations and Rule provide that such distributions cannot be disturbed by late claims from Clients who assert that they were entitled to share in the Custody Assets and Client Money. In other words, Clients will receive good title to their assets.

In order to expedite the distribution process, and to potentially circumvent the need for a formal Distribution Plan, we have been undertaking an accelerated marketing of the Company's business and assets as a whole. To date, ten formal offers have been received and further detail is provided at section 5.2.9 of the report.

In the event a sale of the Company's business could be achieved, it is likely the acquiring party would have the requisite FCA authorisation and the relevant regulated activities to act as a nominated broker and the JSAs understand that at least one of the interested parties may accept responsibility for each Client's Assets without the need for a Bar Date to be set or for a formal Distribution Plan. The Regulations include specific provisions designed to facilitate such a transfer. A transfer on this basis would, however, still require the JSAs' Reconciliation to be completed, the JSAs to consider such a transfer to be appropriate and the consent of the Purchaser and relevant regulatory bodies, to include the FCA and FSCS.

In short, to return either Client Money or Custody Assets is a complex process and requires the JSAs to complete a reconciliation of over 11,500 accounts and consult with several third-party organisations. Whilst we are exploring all possibilities to expedite this process in accordance with Objective 1, it is anticipated the process will take some time.

2.9 Anticipated outcome for Clients and Creditors

2.9.1 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 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. although work in respect of the JSAs' Reconciliation is at an early stage, there does not appear to be any material deficiencies based on work completed to date);
2. The costs of any Distribution Plan (if required), the process for the distribution of Client Money 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

We are still in the process of reconciling Client Money and Custody Assets to the Company's records as part of the JSA's Reconciliation in order to verify Clients' entitlements. We are working closely with the FSCS to identify the Clients that may be eligible for compensation. If there is a shortfall for eligible Clients the FSCS have indicated that they would automatically seek to pay compensation to claimants, without clients having to submit a claim or application form. This compensation is subject to a limit of £85,000 per eligible Client.



Should Clients have a claim for either breach of contract or negligence, then compensation may also be paid in this regard by the FSCS, subject to eligibility and a limit of £85,000 per Client.

Please note, where eligible Clients have a claim for both i) a shortfall in Client Money and / or Custody Assets and ii) a breach of contract or negligence, the available compensation from the FSCS would be capped at £85,000 per claimant across all eligible claims.

2.9.2 Creditors

The outcome for creditors will be dependent upon:

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

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

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:	Monday 16th December 2019
Time:	11:00am
Location:	etc. venues, 155 Bishopsgate, Liverpool Street, London, EC2M 3YD.

Please note:

1. Closest station is Liverpool Street (Rail and Tube)
2. **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 of this report.

2.12 What you need to do

Should you wish to vote at the Initial Meeting, you must complete and return a Statement of Claim form (which is available at Appendix I or to download at www.ips-docs.com) to the JSAs' office.

The Statement of Claim must arrive no later than **12 noon on Friday 13 December 2019**, being the last business day before the Initial Meeting. The form can be returned:

By email:	reyker.securities@smithandwilliamson.com
By post:	Reyker Securities plc (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 or a Creditor. Accordingly, different Statement of Claim forms have been provided for each.

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 J or available to download at www.ips-docs.com) and send it to the JSAs' office to arrive before **12 noon on Friday 13 December 2019**.

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 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.

2.13 Client Statements

Each Client should have received a statement which includes details of the Client Money and Custody Assets held within their portfolio as at the date of our appointment on 8 October 2019. Each statement has been prepared from the Company's records and has not been independently verified.

The Client Statements have been provided for information purposes only and to assist Clients with voting at the Initial Meeting (should they wish to do so). They are a record of a Client's stated holdings according to the Company's records immediately prior to our appointment on 8 October 2019 which has been derived from foreign exchange rates and stock prices as at close of business on 7 October 2019 (being the last practical valuation point prior to appointment). As such, the Client Statements are subject to change and are not final confirmation of Client holdings or claims, however, the JSAs will accept these indicative holdings for the purposes of valuing Clients' claims should they wish to vote at the Initial Meeting.

Potential reasons as to why the Client Statements may change between now and the conclusion of the JSAs Reconciliation include:

- The value of Client Money held in foreign currencies may change;
- The value of Custody Assets may change;
- The methodology for valuing Custody Assets may change;
- Some holdings of Client Money and Custody Assets relate to unsettled transactions undertaken around the time of the JSAs' appointment and may change (but we expect this will only impact a very small number of clients); and
- Your holdings may have changed since the date of the Company's records as a result of corporate actions.

Should you decide not to participate in the Initial Meeting and you do not wish to vote, you do not need to do anything further with your Client Statement. Taking no action at this point will not prejudice your rights to claim at a later date. The JSAs will contact all Clients to agree their claims for valuation and distribution purposes in due course.

3. Background and events leading to the Special Administration

3.1 Background

The Company was incorporated on 23 August 1983 with company number **01747595** and the name Phoneville Limited. The Company subsequently changed its name on 30 January 1984 and, again, on 14 October 1985 to Finsec Services Limited and Reyker Securities Limited respectively. On 6 March 1995, the Company re-registered as a public company and changed its name to Reyker Securities plc.

Prior to our appointment, the Company had 27 employees (including its directors) and operated from the leasehold Premises.

The Company was a full-service investment firm, offering broker-dealer and discretionary managed services to both direct retail and financial institutional and corporate clients. The Company's core services included:

- dealing and trade execution services - providing access for clients to global markets in equities, fixed interest funds and structured notes;
- specialist safe custody of client custody assets and client money;
- settlement services across a range of asset classes including equity, debt, funds, Enterprise Investment Schemes, Inheritance Tax, private equity and structured finance instruments;
- outsourced administration services to a wide range of investment product and service providers including funds, wealth managers and brokers covering the entire administrative life cycle from application and client query handling through to client reporting;
- funds management and investment advisory services on both an execution and discretionary advice basis to Self-Invested Personal Pension trustees, Qualifying Recognised Overseas Pension Scheme administrators, fund managers and other advisory firms and professional clients;
- technology and connectivity solutions, risk management guidance and limited compliance and consulting services to financial institutions and businesses growing or entering the regulated financial arena; and
- developing structured investments and funds, dealing in access to major stock exchanges and discretionary fund management.

By the nature of these services, the Company is deemed an investment bank in accordance with section 232 of the Banking Act 2009. The Company is authorised and regulated by the FCA and is entered on the FCA's Register with the number 115308. The Company is a member of the LSE with LSE No. 780.

In addition, the Company is authorised by HMRC as an Individual Savings Account manager and is an IFPRU €730K diversified financial services institution.

The Company had a number of direct and indirect wholly-owned subsidiaries which are itemised at Appendix B. The majority of subsidiaries are dormant and did not trade, however, the subsidiary of most significance is the entity that acts as the Nominee for all of the Clients' Custody Assets (as legal owners of those Custody Assets and in accordance with CASS), being Reyker Nominees Limited (company number 02056221).

3.2 Events leading up to the Special Administrators' appointment

Despite a track record of year-on-year profits, the Company recorded a financial loss in the year ended 31 December 2018 of £808k and, subsequently, a loss of circa £600k for the nine months to 30 September 2019.

Such losses were largely attributable to:

- the dismissal of a statutory director and minority shareholder which resulted in both reduced revenues and legal actions being brought against the Company for unfair dismissal - such matters resulted in significantly increased professional fees;
- disbanding a loss-making service line which resulted in redundancies and additional expenses in that period; and
- market changes in 2018 regarding the pricing of structured products which resulted in reduced margins across certain parts of the business.

As a result of these issues, the directors of the business foresaw potential cashflow issues in the short to mid-term and, in June 2019, pro-actively sought professional advice from insolvency practitioners at S&W and also notified the FCA who remained engaged throughout. The S&W engagement was initially advisory in nature focussing on a cash flow review and contingency planning for a restructuring or recovery process.

As this work progressed, it became apparent that there was a shareholder dispute between those that were also Directors ("the Board") and certain non-director shareholders ("the NDS") which escalated as various restructuring options for the business were explored.

Shortly after S&W's engagement and work beginning on the cash flow review, the NDS introduced a potential purchaser for the shares of the Company which had FCA permissions and experience of acquiring businesses in the financial services sector ("the Potential Purchaser"). However, to conclude the transaction, a change in control approval was also required.

After several weeks of negotiations, the discussions had not progressed to the satisfaction of the Board who were mindful of the short to mid-term cash difficulties. Therefore, in parallel to the share sale negotiations, the Board embarked upon its own efforts to affect either a pre-packaged sale of business or an accelerated M&A process and retained the services of S&W to assist in identifying and contacting suitable parties (whilst taking care not to disturb the existing negotiations or Clients).

S&W were, however, stood down from this and all roles in early September 2019 as the Company sought to relieve cash flow pressure and focus senior internal and external advisory resource on improving the Company's day-to-day performance and completing the deal with the Potential Purchaser introduced by the NDS.

After a protracted period of negotiation between the Potential Purchaser, the Board and the NDS, an agreement was reached on heads of terms for a share sale of the Company and the transaction progressed to formal due diligence and an application to the FCA, by the Potential Purchaser for a change in control (of the Company). Unfortunately, the sale did not progress to a conclusion and the Potential Purchaser withdrew from the process in late September 2019.

At this time, the Board and NDS were not in discussions with any other interested party and, therefore, as the Company's cashflow could not sustain the business much longer, the directors immediately notified the FCA on the position. The Company also engaged S&W to assist in the preparation of an application to Court for a special administration.

Following these discussions, a Voluntary Requirement or VREQ was agreed by the Company with the FCA on 4 October 2019. The VREQ prevented the Company from undertaking its day to day regulated business activities, other than for some limited exceptions such as deals in the process of being settled, and, therefore, the Board took immediate steps to ensure protection of the Client Money and Custody Assets by taking steps to place the Company into special administration pursuant to the Regulations. The appointment was made by the Court on 8 October 2019 following an application by the directors and Mark Ford, Henry Shinnars and Adam Stephens were duly appointed as the JSAs.

Please note, the role of S&W prior to appointment as JSAs, was to advise the Company (and not the Directors or any other party). Now appointed, the JSAs are obliged to perform their functions in the interests of the Company's Clients and Creditors as a whole with a view to achieving the Objectives



4. Objectives of a special administration

As highlighted earlier in this report, the JSAs' 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 to date in respect of each of the Objectives is provided in the next section.

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 from leasehold offices at 17 Moorgate, London, EC2R 6AR and employed 27 staff. Following appointment, the JSAs have:

- Secured the Premises;
- Worked and engaged with the Company's existing staff for the purposes of safeguarding Client Assets and the systems and processes involved in this;
- 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

To date, the steps taken to return Client Money and Custody Assets include:

- i. Safeguarding all Client Money and Custody Assets;
- ii. Segregating Client Money received following the PPE from the CMP;
- iii. Identifying open transactions and liaising with the LSE and other trading platforms to explore whether any of these may be completed;
- iv. Implementing lines of communication with the Clients and intermediaries;
- v. Maintaining critical operations whilst reducing the Company's cost-base;
- vi. Securing funding to ensure all critical operations can be maintained;
- vii. Engaging third-party experts;
- viii. Safeguarding the Company's IT and data systems;
- ix. Exploring a potential transfer of Custody Assets and Client Money, primarily through a formal sale of the business;
- x. Interrogating the Company's software and client portal to generate Client Statements and upload key documentation relating to the Special Administration;
- xi. Developing the client portal to enable Clients to agree their holdings of Client Money and/or Custody Assets in due course;
- xii. Reviewing contracts, terms and conditions and other documents in consideration of whether Clients may be retail Clients of the Company.

Further detail in respect of each of these work streams is set out below.

5.2.1 Safeguarding all Custody Assets and Client Money

The Company's records indicate that, as at the date of administration, the Company held Custody Assets with a value of approximately £924 million (as valued at close of business on 7 October 2019) and Client Money of circa £57 million. 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.

Our principal focus has been to gain control of these assets which were under the Company's administration and to commence the JSAs' Reconciliation.

To this end, we have retained key staff and sought to continue certain operations from the Premises. 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 JSAs' Reconciliation. Whilst work in this regard is ongoing and at an early stage, the work undertaken to date has not identified any material discrepancies between the Company's records and the Custody Assets and Client Money held by it.

Custody Assets

According to the Company's records as at the date of our appointment, the Company held the Custody Assets totalling circa £924 million. A breakdown of the asset class and the respective quantum held (by value) is provided at the top of the following page.

In order to complete the JSAs' 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 Allfunds, Aegon and KAS Bank N.V. who collectively hold all the externally held Client Assets. The firm has a number of holdings held in safe custody and these, along with the Client Money, will form the JSAs' Reconciliation.



Custody Assets held by security type

Asset Class	Value* £
Private Equity	245,138,256
Listed Corporate Bond	195,639,893
Structured Product	187,537,432
Non-UCITS Fund	84,993,208
Standard Equity Investment	73,630,109
Overseas UCITS Fund	38,570,020
Unlisted Corporate Debt	29,288,396
Securitised Derivatives	20,157,106
IP Group Private Equity	16,905,646
UCITS Fund	11,035,683
Sovereign Debt	7,533,417
LLP Entitlement	6,246,052
UCITS ETF	4,492,576
Asset Total	923,763,224

*N.B. Valued as at close of business on 7 October 2019. Values remain subject to market forces and will vary with time.

Client Money

The appointment of the JSAs triggered a PPE at 14.35 hrs on 8 October 2019 whereby all Client Money held across the Company's client accounts immediately prior to the PPE are treated as pooled Client Money. In accordance with the Client Money Rules, these monies are pooled, ring-fenced and become the CMP. All clients with money deposited within the CMP are entitled to a share of the CMP on a pro-rata basis.

As at our appointment, the Company held in excess of £57 million across 118 client accounts on behalf of the its Clients. The CMP consists of the following balances:

Client Money held within the CMP

Currency	Value* £
GBP	48,392,462
Euro	6,464,770
USD	2,215,669
Other	156,698
Total	57,229,599

*N.B. The CMP will vary with time as it remains subject to foreign exchange rates. Exchange rates taken as at close of business on 7 October 2019 for above valuation.

Immediately upon the JSA's appointment, we contacted the Company's bankers and instructed them to freeze all client bank accounts with immediate effect.

The JSAs have designated a number of post-administration trust bank accounts for Client Money to be held in accordance with CASS rules and new bank mandates established. This work means that the CMP continues to be segregated and held on trust for Clients.

At this stage, the JSAs have not sought to exchange any foreign currency balances into sterling and will advise on this position in due course.



5.2.2 Segregating PPE Client Money

The JSAs have received a number of cheques and direct transfers to the Company's client accounts in connection with dividend and coupon payments and corporate action monies declared and paid shortly prior to or following our appointment. These need to be deposited, processed and allocated to the respective clients correctly.

In accordance with CASS, the JSAs have opened new bank accounts in which to deposit and hold on trust any Client Money received after the PPE. These monies are held separately to the CMP and may, pursuant to the Client Money Rules, be able to be released earlier than Client Money held prior to the JSAs' appointment and forming part of the CMP. At present, the JSAs have taken the decision that no Client Money received after the PPE will be released to Clients until, at the earliest, the JSAs' Reconciliation is complete. In addition, the timing of any return is likely to depend on the nature and source of the Client Money received.

As at the date of this report, client money received into the post pooling accounts is as follows:

Client Money received and segregates following the PPE

Currency	Value* £
GBP	4,698,130
USD	2,949,633
Euro	552,587
Other	36,429
Total	8,236,779

**N.B. Balances held in foreign currency converted by exchange rates as at close of business on 22 November 2019. Values remain subject to market forces and will vary with time.*

However, the JSAs have taken the decision that no Client Money received after the PPE will be released to Clients until, at the earliest, the JSAs' Reconciliation is complete. In addition, the timing of any return is likely to depend on the nature and source of the Client Money received.

5.2.3 Identifying open transactions

The JSAs have identified approximately 38 transactions that were unsettled as at the time of their appointment. We are liaising with the LSE under whose rules some of these transactions fall and other counterparties as necessary. We are currently reviewing the unsettled trades and expect to be writing to these parties in the near future to inform them that the transactions will be cancelled.

Please note, these unsettled transactions may impact on the amounts of Custody Assets and Client Money currently held for Clients based on the Company records and may, therefore, effect the Client Statements circulated at the time of issuing these Proposals. Where this is the case, the Client Statements will indicate this. This will not prejudice your rights when we distribute the Client Money and Client Assets in due course.

5.2.4 Implementing lines of communications with Clients & intermediaries

Following a review of the Company's Client base and customer contracts, it appears the Company has approximately 11,500 Clients.

Given the volume of Clients, it is not practical for the JSAs to liaise with and correspond with each Client directly. Accordingly, the JSAs have implemented a range of different methods for communicating with Clients in a co-ordinated, timely and cost-effective way, to include:

- **Website** - The Company's own website (www.reyker.com) has been adapted to notify Clients of the Special Administration and to contain links to key documents prepared by the JSAs, including an initial letter sent to all known Clients and FAQ document.

In addition, a dedicated portal for all Clients and Creditors of the Company has been set-up to host the full suite of documentation pertaining to the Special Administration, to include key information, reports and voting and claims forms, at www.ips-docs.com. Additional documents will be added to this portal as the Special Administration progresses.



- **Helpline** - Reyker's own client services team has been retained to assist with Client queries via a dedicated helpline (0800 048 9512). The staff are trained to receive such calls and an overflow call centre based at S&W's Glasgow office was also established to ensure all calls were dealt with in a timely manner.
- **Email** - A dedicated email address (reyker@smithandwilliamson.com) was established to enable Clients and Creditors to raise queries directly with the JSAs' office. These are monitored by the JSAs daily and responded to by the Company's own client services team and, where appropriate, the JSAs or their staff.
- **Post** - The JSAs issued an initial circular to all known Clients and Creditors, notifying them of the Special Administration and its implications and referring them to the various sources of information and assistance referenced above.
- **Corporate intermediaries & IFAs ("Intermediaries")** - A high percentage of the Clients were referred to the Company through other corporate investment houses and IFAs. The Intermediaries often remained the main point of contact for the Client in respect of their investments safeguarded by the Company. Accordingly, we have contacted as many of the Intermediaries as possible, prioritising those representing the highest number of Clients, with a view to keeping them informed of the progress of the Special Administration and its implications for the mutual client. In a number of cases, the Intermediaries have pro-actively contacted the mutual clients with a view to managing their expectations and to alleviate their concerns.

The queries raised by Clients and the Intermediaries are reviewed regularly and the FAQs updated as necessary.

5.2.5 Maintaining critical operations whilst reducing the Company's cost base

Upon our appointment, the Company and its employees remained in situ at the Premises with a view to assisting us in achieving the Objectives. Given the VREQ, the Company's regulated activities could not continue at the start of the Special Administration. The VREQ was subsequently lifted and the Company is now able to conduct regulated activities; although this is largely restricted to safeguarding Clients' Assets.

As the Company's activities are restricted to safeguarding at this time, it has been necessary to make redundancies with a view to managing the costs of the Special Administration. The majority of staff within the Company's safe custody and client services department have been retained to assist with the JSAs' Reconciliation and Client queries.

We have sought to minimise expenditure through reducing the office space occupied by the Company and terminating all non-critical supplies.

5.2.6 Securing funding to maintain critical operations

Given the Company had limited cash resources at the date of our appointment, it was necessary for the JSAs to secure a loan facility in order meet the required Objective 1 expenses of the process and to maintain all critical operations at the Premises. Such funding would facilitate payment of rent, employees' salaries, insurance and key suppliers.

The JSAs spoke to a number of possible funders prior to and immediately following the commencement of the Special Administration to assess the most appropriate commercial terms. Ultimately, a loan facility was received from Filefigure 30 Limited including a facility limit of £5 million. To date we have drawn down £300k (as stated in our receipts and payments account attached at Appendix D).

5.2.7 Engaging third-party experts

We have engaged a number of third-party experts with the requisite skills necessary to achieve the Objectives. This includes engaging two professionals with specialist banking and SAR experience to assist the JSAs with the JSAs' Reconciliation and a third-party firm, Seneca, to assist with a potential sale of the business which may expedite the return or transfer of Client Assets.



Additional detail regarding all the third-party advisors engaged in this matter is included within section 12. The choice of advisors was based on their experience and ability to perform the work required, the complexity and nature of the assignment and their geographic location.

5.2.8 Safeguarding the Company's IT and data systems

The JSAs have consulted with key members of staff and retained the services of an IT contractor to safeguard and maintain the Company's bespoke IT systems and data sources required to achieve the Objectives of the Special Administration. We will retain all key service lines, such as CREST and Bloomberg, to achieve the Objectives.

In addition, our internal 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 Exploring a potential transfer of Custody Assets and Client Money, primarily through a formal sale or transfer of the business

At this stage, it is considered that the quickest and most cost-effective way for Custody Assets and Client Money to be returned to Clients is for them to be transferred to one or more brokers who are authorised by the FCA and have the requisite regulated activities and permissions for the Company's various service offerings.

Immediately following our appointment, we contacted all parties that S&W had previously identified as potential suitors to acquire the Company's business and engaged Seneca to assist with an accelerated marketing process.

Seneca are an independent investment management and corporate advisory business. As part of their advisory offering, they have experience of advising sellers and buyers of SMEs operating within the financial services sector.

The sales process has been ongoing since appointment and, to date, the JSAs and Seneca have:

- Contacted 132 parties (being a combination of direct enquiries and S&W and Seneca approaches);
- Received 52 expressions of interest with 41 returning signed non-disclosure agreements and being granted access to a data-room;
- 10 formal offers were received by the initial deadline of 8 November 2019 for indicative offers and proof of funding.

The marketing process is ongoing and a date for best and final offers will be set after permitting a period of due diligence for the leading contenders.

5.2.10 Interrogating the Company's software and client portal to generate Client Statements and upload key documentation relating to the Special Administration.

The JSAs have worked with both the resident IT consultant and client services team to modify the Company's bespoke software and applications system (VAULT) and to generate bespoke Client Statements for the purpose of the Special Administration. This has been a time intensive process and included:

- Reviewing VAULT and client data for omissions and corrections;
- Processing change of address requests and pro-actively sourcing alternative contact details where communications have been returned 'addressee gone away';
- Aggregating and consolidating client accounts into groups on VAULT so that only one statement is generated per client (as opposed to previous system of one statement per client plan - some clients hold multiple accounts which may led to confusion if these Clients were receiving multiple statements under separate cover);
- Allocating unique client references per Client group;
- Investigating circa 400 client accounts with a negative cash balance and subsequent adjustments;
- 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);
- Transferring reports into dynamic pdf format and devising strategy to match covering letter to client statement in one pdf file for each client and subsequent printing;
- Sampling of stock prices and currency exchange rates to confirm statements are correct as at close of business on 7 October 2019 9 (to the best of the JSAs' knowledge);



- Uploading initial circular to Clients to the Company's client portal.

5.2.11 Developing the client portal to enable Clients to agree their holdings of Client Money or Custody Assets in due course;

The JSAs are currently exploring the ability and associated costs of developing the Company's client portal to enable Clients to agree their respective holdings of Client Money and Custody Assets. As there are circa 11,500 Clients, the JSAs are keen to establish the most efficient and cost-effective way of managing this process with a view to expediting the return of Client Money and Custody Assets.

Please note, the Company's client portal will **not** be used for the purposes of recording votes for the Initial Meeting on 16 December 2019. The documents that Clients and Creditors are required to complete for this purpose can be downloaded at www.ips-docs.com. Further detail is provided in section 13.

5.2.12 Reviewing contracts, terms and conditions and other documents in consideration of whether Clients may be Retail Clients of the Company.

The Company has provided custody accounts for a number of Clients that are introduced via intermediary institutional clients. In order to understand the relationships between the Company, the intermediary institutional client and the individual (potentially a retail client of the Company) we have reviewed, in conjunction with our solicitors, the relevant contracts and supporting documentation. We have communicated our work and conclusions to the FSCS to assist them in considering whether Clients will qualify for FSCS compensation.

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

5.3.1 Bank of England

As the Company was an IFPRU €730k diversified financial services institution, the Bank of England was required to carry out a condition assessment due to the Company's financial position. On 4 October 2019, the Bank of England issued a letter to the Company confirming that it did not intend to exercise a stabilisation power (as set out in the Banking Act 2009) in respect of the Company or apply for a bank insolvency order but that it did, however, consent to an application being made for a special administration order pursuant to the Regulations.

5.3.2 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 8 October 2019.

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 JSAs' 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 Objectives.

The Company remains an FCA authorised entity and the JSAs are also mindful of the introduction of the Senior Managers and Certification Regime (SM&CR) which is effective from 13 December 2019. The JSAs are undertaking a review and are in ongoing discussions with the FCA in this regard.

5.3.3 Financial Services Compensation Scheme

The FSCS is the compensation fund for retail customers of authorised financial services firms. It protects private individuals and small businesses if an authorised firm becomes insolvent and cannot return money or investments to its customers. 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.

Shortly following their appointment, the JSAs contacted the FSCS with regard to the ability of Clients to claim for 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.



Given the likely costs in pursuing Objective 1, it is certain that Clients would suffer a shortfall against Client Money and Custody Assets if the relevant costs were applied to Client Assets in accordance with the relevant SAR provisions. However, the FSCS and JSAs are working closely together to explore compensation options which might avoid the need for the JSAs to make costs deductions from Client Assets in respect of eligible Clients, a method adopted on previous Special Administrations.

Further detail regarding the FSCS compensation can be found above online at www.fscs.org.uk.

The JSAs have a legal obligation to cooperate with the FSCS and, since appointment, have liaised closely with them to ensure they are informed of the progress of the Special Administration. Work is also being undertaken to provide the FSCS with information required to commence the process of assessing Clients' claims for compensation. The FSCS will update clients online at www.fscs.org.uk.

5.3.4 LSE

The Administrators have liaised with the LSE on a regular basis and have received notice of the Company being in default with effect from 23 October 13:15, with membership ceasing with effect from 24 October 2019 (by letter dated 24 October 2019).

5.3.5 Euroclear / CREST

CREST is the share settlement system used by the Company which facilitates electronic holdings of Custody Assets. This system is administered by Euroclear.

The JSAs continue to have regular contact with Euroclear to ensure that the Objectives of the Special Administration can be met, including having access to the settlement system for the purposes of transferring Custody Assets as part of any transfer or Distribution Plan.

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, the JSAs do not consider it possible to rescue the Company as a going concern and 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:

- i. Making all non-retained staff redundant and assisting staff with applying for their statutory entitlements;
- ii. 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;
- iii. Issuing statutory notices of appointment as required by the Regulations and Rules;
- iv. Implementing relevant insurance policies for the business and the Company's House Assets; and
- v. Securing physical assets and instructed Hilco 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 that Objective 1 has been achieved. This is because until such time that all Client Assets have been returned, the Company's operations critical to achievement of Objective 1 need to remain in place.



6. Financial position at the date of Special Administration

6.1 Director's 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 2 December 2019.

At Appendix C we provide an estimate of the Company's financial position as at 8 October 2019 which has been derived from the Company's management accounts as at 30 September 2019 and supplementary books and records.

Further commentary in respect of the estimated House Assets and House Liabilities is provided below.

Please note, the estimated financial position does not provide for any of 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 September 2019, the Company held the following assets:

6.2.1 Cash at bank (House accounts)

The Company held credit balances across three House accounts held with NatWest. As at the time of the JSAs' appointment on 8 October 2019, these balances totalled £52k. These accounts were frozen immediately upon our appointment and the credit balance transferred to a new account under the control of the JSAs.

6.2.2 Reyker VAULT (bespoke IT platform)

The Company undertook extensive development of a bespoke trading and applications platform known as VAULT. This is the Company's proprietary core IT system providing custody, dealing, settlement and client accounting and reconciliation functionality.

The development costs of the system were capitalised and the book value in the management accounts as at 30 September 2019 was reported to be circa £1.3 million.

VAULT is currently being marketed as part of the potential sale of business and assets. We are presently unable to report on anticipated value as to do so may prejudice future realisations.

6.2.3 Office furniture & equipment

The Company has office furniture and IT equipment at its trading premises. Such equipment had a book value of £119k in the draft management accounts as at 30 September 2019.

Shortly following their appointment, the JSAs instructed Hilco to undertake a valuation of the physical assets on an 'in-situ' and 'ex-situ basis' meaning whether the assets are sold as a whole in their existing location or, alternatively, assuming the assets are removed from their current location at the expense of any potential purchaser. Hilco's valuation on an in-situ basis.

Hilco's valuations of the unencumbered office furniture and equipment are £45,000 (in-situ) or £10,500 (ex-situ).



6.2.4 Investments

The Company's accounts confirm the Company directly held 100% of the issued share capital of circa 29 subsidiaries, including Reyker Nominees Limited. In addition, the Company indirectly held 100% of the issued ordinary share capital of a further 6 subsidiaries and a major controlling interest in a further five companies.

A full list of all the subsidiary interests is provided at Appendix B (together "the Subsidiaries").

We are currently working with the directors of the relevant Subsidiary to establish whether any of the Subsidiaries have any realisable value. It is presently anticipated that a high percentage of the Subsidiaries will be dormant and, accordingly, the relevant directors will arrange for such companies to be struck from the Registrar of Companies. Our work is ongoing in this regard.

6.2.5 Artwork

The Company's management accounts referenced four items of Art owned by the Company with a book value of £25k. It is understood these items are not held at the Company's premises. We are working with the directors and making our own enquiries to locate and value these pieces of art. It is anticipated our chattel agent, Hilco, will advise on the best route to market for these assets.

6.2.6 Trade and other debtors

The management accounts confirm trade debtors with a book value of circa £65k as at the date of the JSAs' appointment. After a review of the ledger, it is anticipated that approximately £25k may be realised. We are currently working with the Company's management team to maximise realisations in this regard.

In addition, the Company's records show other debtors outstanding of c. £202k. According to the director's witness statement, this relates to costs recoverable from the FSCS for work done or assistance given to former Merchant Capital Limited clients and/or the FSCS. We are in the process of working with the Company's management team and the FSCS to establish whether any sums may be realised in this regard.

6.2.7 Employee and shareholder loans

The management accounts show employee and shareholder loans totalling £55,404. It is anticipated these loans will be repaid in full to the administration estate.

6.2.8 Rent deposits

The Company operated from two floors within the Premises. Each floor was subject to a separate lease and a rent deposit of £20,500 was paid in respect of each lease. It is currently envisaged that the rent deposits will not be recovered as a result of the rent and service charge arrears that pre dates our appointment.

In order to minimise the costs of the administration, the JSAs are not utilising the Company's first floor office and are endeavouring to take relevant steps to conclude its occupation.

6.2.9 Prepayments and other deposits

The Company's draft management accounts as at 30 September 2019 recorded prepayments and other deposits of £226k.

Following an initial review of the ledger, it appears the majority of prepayments will not be realised as the associated invoices were not paid. It is, however, anticipated that the Company will receive the benefit of circa £35k of prepayments by virtue of the Company continuing to operate from the Premises for the purpose of achieving Objective 1.

6.2.10 Trademarks

The Company held trademarks and domain names for the Company's use, which included four registered trademarks with the Intellectual Property Office, being 'Reyker', 'Reyker Masters', 'Reyker VAULT' and a graphic design for the Reyker name.

Such trademarks and domain names were valued in the financial and management accounts at £3.5k. It is anticipated some value may be realised for these assets as part of any sale of business.



6.3 House Liabilities

6.3.1 Secured creditors

The Company granted security conferring both fixed and floating charges to NatWest on 4 April 2016. As at the date of the Special Administration, it is understood NatWest is owed approximately £2k in respect of an outstanding credit card debt. The Company did not operate an overdraft and had no outstanding loan facilities.

6.3.2 Preferential creditors

The only categories of claim which will have preferential status against the administration estate are those of employees in respect of arrears of salary and any accrued but unpaid holiday entitlements. Such claims are first met and paid (up to certain statutory limits) by the Redundancy Payments Service (“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.

Based on current information, we estimate that the total preferential claims of the Company’s employees will be approximately £7.5k

6.3.3 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).

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 JSAs estimate of the financial position as at 8 October 2019 (Appendix C) estimates that claims arising in respect of ordinary unsecured creditors (as per category three above) will total approximately £1.2 million.

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.

6.4 The Prescribed Part

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.

The Prescribed Part is calculated as being:

- 50% of the first £10,000 of the Net Property; and
- 20% of Net Property thereafter; but
- Subject to a maximum prescribed part fund of £600k.

On present information, it is anticipated the Prescribed Part will not apply as the secured creditor is estimated to be repaid in full out of either fixed or floating charge realisations.



7. Joint Special Administrators' receipts and payments

A summary of our receipts and payments from the date of our appointment on 8 October 2019 to the date of this report is attached at Appendix D. The summary is largely self-explanatory, however, we would comment in respect of the most significant receipts and payments as follows:

7.1 Receipts

Receipts received to date include £300k in respect of the first draw down of the repayable loan facility from Filefigure 30 Limited and circa £52k cash at bank received from the Company's House Accounts shortly following the JSAs' appointment.

The £300k drawn down from the repayable loan facility may only be used to defray costs associated with achieving Objective 1 and, therefore, any costs directly attributable to the orderly winding down of the Company will need to be met from House Assets, such as the cash at bank received to date and any other future realisations.

The JSAs have also taken receipt of the Client Money held in the CMP as at the time of their appointment and segregated any additional Client Money received thereafter in the requisite post pooling accounts.

7.2 Payments

7.2.1 Wages and salaries

In order to achieve Objective 1, it has been necessary to maintain critical operations at the Premises and retain a number of the Company's staff to assist with the process. Salaries totalling £67k have been paid to date, along with pension contributions of £23k and additional staff benefits of £165.

7.2.2 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.

To date, we have paid £26k to recruitment consultants in respect of sourcing the requisite IT and banking expertise required to achieve Objective 1 and an additional £191 to MHR UK International Limited for payroll services.

7.2.3 IT Suppliers

In order to extract the required information from VAULT and generate the recent Client Statements, it has been necessary to secure the services of Manresa Consulting Limited, an IT consultancy that has prior experience of developing code to enhance VAULT's functionality. In addition, a number of undertakings have been provided to IT software and service providers, such as Bloomberg and CREST, in order to maintain critical operations and websites. A total of £24,549 plus VAT has been paid to IT Suppliers to date.

7.2.4 Stationary and postage

The Color Company was paid £12.5k plus VAT in respect of printing, fulfilment and postage for the JSAs first circular which was sent to approximately 11,500 Clients advising of the Special Administration and their appointment.



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.

A questionnaire, titled 'Creditors and Clients' questionnaire is available for download by logging in to the Reyker Creditor and Client portal at www.ips-docs.com. Log-in details have been provided on our recent circular to all known Clients and Creditors.

9. Estimated outcome for creditors

9.1 Creditors

9.1.1 Secured creditors

On present information it is understood that the Secured Creditor has a total indebtedness of circa £2k secured by a debenture conferring fixed and floating charges. The JSAs presently estimate that the Secured Creditor will be repaid in full out of realisations of House Assets to the administration estate.

9.1.2 Preferential creditors

As explained in section 6.3.2, 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 against the Company will be approximately £7.5k, 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.

The Company's Clients 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.



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. although work in respect of the JSAs' Reconciliation is at an early stage, there does not appear to be any material deficiencies based on work completed to date);
2. The costs of any statutory Distribution Plan (if required) 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 Client (or earlier payment by the FSCS in full of smaller Client Money balances).

We are still in the process of reconciling Client Money and Custody Assets to the Company's records in order to verify Clients' entitlements. We are working closely with the FSCS to identify the Clients that may be eligible. In the event that there is a shortfall to Clients the FSCS would automatically seek to pay compensation to claimants, without clients having to submit a claim or application form. This compensation is subject to a limit of £85,000.

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:

- Putting forward proposals for a CVA with a view to rescuing the investment bank as a going concern; or
- 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,
- Filing a notice with the Court and Registrar of the Company's dissolution.

As stated above, there is no prospect of the investment bank being rescued as a going concern and, accordingly, the JSAs consider that the most appropriate exit route may be to file a notice of the Company's dissolution once all relevant distributions have been paid and the Company's affairs and statutory obligations have been concluded in an orderly manner.

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 16 December 2019 at etc. Venues, 155 Bishopsgate, London, EC2M 3YD**. Registration will take place between 10.00 am and 10.45 am.

Clients and Creditors will vote separately, 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.

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:
 - a. Objective 1 - To ensure the return of client assets as soon as is reasonably practicable;
 - b. Objective 2 - To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
 - c. 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 to assist with the work required to achieve the Objectives;

11.2 Proposals relevant to pursuing Objective 1

- f. THAT they continue with and finalise the JSAs' Reconciliation of Client Money and Custody Assets in order to determine each respective Clients' holding in the Special Administration and for such work to be completed in accordance with CASS;
- g. THAT they continue to safeguard and take any action necessary to preserve and maximise Client Money and Custody Assets;
- h. 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 JSAs' Reconciliation;
- i. 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;
- j. 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;



- k. 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

- l. 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

- m. THAT they will consider, and if thought fit, pursue any claims the Company may have in order to maximise returns to the Creditors;
- n. THAT they continue to identify, secure and realise House Assets to the administration estate for the benefit of the Creditors;
- o. THAT, should there be sufficient asset realisations to permit a distribution to either secured, preferential or unsecured creditors, they be authorised to agree the respective Creditors' claims and distribute funds in accordance with the Regulations and the Rules;
- p. 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.
- q. THAT, once the Objectives have been fulfilled, they seek to conclude the Special Administration by either i) submitting proposals for a Company Voluntary Arrangement; ii) 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, iii) 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 and Foot Anstey;
- b. The JSAs' post-appointment remuneration; and
- c. The JSAs' expenses and disbursements (to include category 1 and category 2 disbursements).

Further detail in respect of these costs is provided below.

12.1 Pre-Special Administration costs

Pre-special administration costs are defined as fees charged and expenses incurred by the joint special administrators 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:

The pre-Special Administration costs for both S&W and Foot Anstey 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.



Charged by	Services	Amount charged £	Amount paid £	Who made payment	Amount unpaid £
Smith & Williamson LLP	Pre-Administration Time-Costs	96,135	Nil	N/A	96,135
Foot Anstey LLP	Legal Advice	65,412	Nil	N/A	65,412
Total		161,547	Nil	N/A	161,547

N.B. - All amounts are quoted exclusive of VAT

12.1.1 S&W pre-administration costs

The JSAs' pre-administration costs were incurred pursuant to an engagement letter made between the Company and S&W dated 25 September 2019. The services provided included:

- 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;
- Reviewing all restructuring options and recommending the most appropriate insolvency process in the circumstances;
- Advising, with solicitors, on the imposing of voluntary 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 with regard to the Company's selection of the special administration process and the strategy and timescales for the special administration;
- Investigating specialist funding providers so that essential costs (including staff wages) could be paid on time; and
- Assisting with making the necessary application to the court for a special administration order.

12.1.2 Foot Anstey LLP pre-administration costs

Legal fees incurred by Foot Anstey in the pre-administration period amount to £65,412 plus VAT, of which £65,412 remains unpaid. The services provided to the Company included:

- Advising the Company on the Special Administration process and preparing and drafting the court application and supporting witness statement and liaising with the FCA and specialist counsel;
- Advising the JSAs as proposed Special Administrators of the Company; and
- Advising the Company on correspondence and discussions with the FCA including the VREQ.

12.1.3 Payment of unpaid pre-administration costs

The payment of the unpaid pre-administration costs, totalling £161,547 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 16 December 2019.

12.1.4 Smith & Williamson LLP advisory work

Prior to assisting the Company with its application to Court for its special administration we advised the Company from 5 June 2019 under two engagement letters dated 5 June 2019 and 30 July 2019. This work included:

- 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;
- Liaising with the Company's shareholder group;
- Participating, with the directors, in conference calls with the FCA;
- Attending meetings with the directors and the shareholders;
- 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; and
- Advising the Company as to discussions with interested parties.

Smith & Williamson LLP was paid £133,021.25 plus VAT for work completed in this period. Outstanding time costs relating to this period will not be recovered.

12.1.5 Statement of prior professional relationship

The following is a short summary of the JSAs' prior professional relationship with the Company:

- S&W were formally engaged by the Company on 5 June 2019 to provide a high-level review of the Company's financial position and consider the options available to the Company, including a disposal.
- Following receipt of an offer to purchase the entire issued share capital of the Company, 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.
- After a short cessation, on 25 September 2019 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.



12.2 Post-Special Administration costs

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.

At present, the JSAs propose that their remuneration will be on a time cost basis, however, we are presently in dialogue with the FSCS to consider the most appropriate basis and methodology for allocating the time costs incurred with regard to those incurred in pursuit of Objective 1. At present, the JSAs are likely to propose to any subsequently appointed Clients' and Creditors' Committee that the time costs should be levied as a percentage of Client Money and as a fixed, capped amount for each Client in respect of their Custody Assets. This basis 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

During the period from their appointment on 8 October 2019 until 10 November 2019, the JSAs have incurred total time costs of £345,304, which represents 662 hours at an average charge out rate of £522 per hour.

Appendix F 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 F.

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 G.

A creditors and clients guide to special administrators' fees can be found on the website www.ips-docs.com. Should you require a paper copy please email reyker.securities@smithandwilliamson.com or telephone 020 7131 4934 and it will be sent to you at no cost.



12.3 Expenses

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
Foot Anstey LLP	Legal advice	Time costs
Seneca Partners Ltd	Marketing and assistance with negotiating a sale of the business and assets	Fixed fee
Hilco Appraisal Ltd	Valuation of the Company's physical assets	Fixed fee
Manresa Consulting Ltd	IT consultancy	Fixed fee
SAR experienced consultant	Reconciliation and audit of Custody Assets and Client Money and client communications	Time costs
Fourthline Ltd	SAR and CASS recruitment	Fixed fee
Arthur Financial Ltd	IT recruitment	Fixed fee
Emery Creative	Web-site design	Time costs
ERA Solutions Ltd	Employee claim assistance	Fixed fee / employee
MHR International UK Ltd	Payroll services	Fixed fee / employee
CAPA	Property audit and business rates review	% of realisations
Marsh	Insurance brokers	Fixed fee

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 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	Incurring in current period £	Paid in current period £	Total costs outstanding at period end £
Travel	162.20	-	162.20
Joint special administrators' bonding	140.00	-	140.00
Total	345.54	-	345.54

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	Incurring in current period £	Paid in current period £	Total costs outstanding at period end £
Smith & Williamson Services Limited - Call centre services	26,449	-	26,449
Total	26,449	-	26,449

Costs incurred are shown net of VAT



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 **Monday 16 December 2019 at 11:00am at etc. Venues, 155 Bishopsgate, London, EC2M 3YD.** Notice of the meeting is attached at Appendix H.

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 Creditors' Committee.

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

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 that a resolution will not be approved unless both the Clients and Creditors have voted in favour.

If no Clients' and Creditors' Committee is established at the Initial Meeting, the JSAs intend to adjourn the Initial Meeting and to either seek to establish a Clients' and Creditors' Committee at a later date or, alternatively, if no Clients' and Creditors' Committee is established at the adjourned meeting, to request that Clients and Creditors approve certain matters in connection with the JSAs' unpaid pre-administration costs and post-administration remuneration and expenses that would otherwise be determined by the Creditors' Committee.

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 I(i) and I(ii) respectively or available for download at www.ips-docs.com) to the JSAs' office:

By post: Reyker Securities plc (in special administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY

By email: reyker.securities@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 13 December 2019, 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 J(i) and J(ii) respectively or available for download at www.ips-docs.com) to the JSAs' office by no later than 12 noon on 13 December 2019.**

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 K.

13.5 Client Statements

Each Client should have received a Client Statement which includes details of the Client Money and Custody Assets held within their portfolio as at the date of our appointment on 8 October 2019. Each statement has been prepared from the Company's records as at the date of our appointment but has not been independently verified.

The Client Statements have been provided for information purposes only. As such, they are subject to change and are not final confirmation of a Client's holdings or claim, however, the JSAs will accept these indicative holdings for the purposes of valuing Clients' claims solely for the purpose of voting at the Initial Meeting.

Potential reasons as to why the Client Statements may change between now and the conclusion of the Special Administrators' reconciliation include:

- The value of Client Money held in foreign currencies may change;
- The value of Custody Assets may change;
- The methodology for valuing Custody Assets may change;
- Some holdings of Client Money and Custody Assets relate to unsettled transactions undertaken around the time of the Administrators' appointment and may change (but we expect this will only impact a small number of clients); and



- Your holdings may have changed since the date of the Company's records as a result of corporate actions.

If you wish to vote at the Initial Meeting and you agree with your Client Statement, please tick 'yes' in Part 2 of the Clients' Statement of Claim form.

If you wish to vote at the Initial Meeting and you do not agree with your Client Statement, please tick 'no' in Part 2 of the Clients' Statement of Claim form and complete Part 3 with details of your claim.

Should you decide not to participate in the Initial Meeting, you do not need to do anything further with your Client Statement. Taking no action at this point will not prejudice your ability to claim in the future.

Please note, if the JSAs admit (or reject) your claim for the purposes of voting at the Initial Meeting, that will not constitute formal acceptance (or rejection) of your claim for distribution purposes, nor will that prevent you from submitting a claim for a different amount at a later time.

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. We consider a Clients' and Creditors' Committee of three Clients and two Creditors (including the FSCS in their capacity as a Creditor) would be appropriate in this case in order to ensure the interests of all stakeholders are fairly represented.

We consider that the FSCS has an interest in the achievement of the Objectives (particularly as it may ultimately have a significant claim). Nonetheless it is up to Clients and Creditors whether to vote the FSCS onto the Creditors' Committee.

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.

Information about the role of a Clients' and Creditors' Committee can be found at the website www.ips-docs.com and additional information as regard the formalities of the Initial Meeting and voting can be found at Appendix K.

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 13 December 2019 (being the last business day prior to the Initial Meeting) by:

Post: Reyker Securities plc (in special administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY

Email: reyker.securities@smithandwilliamson.com;

Fax: 020 7131 4001

15. Next report 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 Special Administration or earlier if the Special Administration has been finalised. Progress Reports will be issued every six months thereafter for the period of the Special Administration.

Creditors have rights under Rules 201 and 202 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, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors, including the creditor in question or client (with the concurrence of at least 5% in value of the client assets including the client in question) or an unsecured creditor with permission of the court made on an application within the 21 day period, may request in writing that the JSAs provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in the report.
- Any secured creditor, or an unsecured creditor or client (with the concurrence of at least 10% in value of the unsecured creditor including the creditor in question, or with the permission of the court) or client (with the concurrence of at least 10% in value of the total claims in respect of the client assets held by the investment bank, or with the permission of the court), or the FCA may within 8 weeks of receipt of a progress report make an application to court on the grounds that, the JSAs' remuneration charged, expenses incurred or the basis fixed for the remuneration is excessive or inappropriate , .

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

On a general note, if you have any comments or concerns in connection with our conduct, please contact the JSAs. If the matter is not resolved to your satisfaction, you may contact Smith & Williamson LLP's 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 Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

Email: insolvency.enquiryline@insolvency.gsi.gov.uk

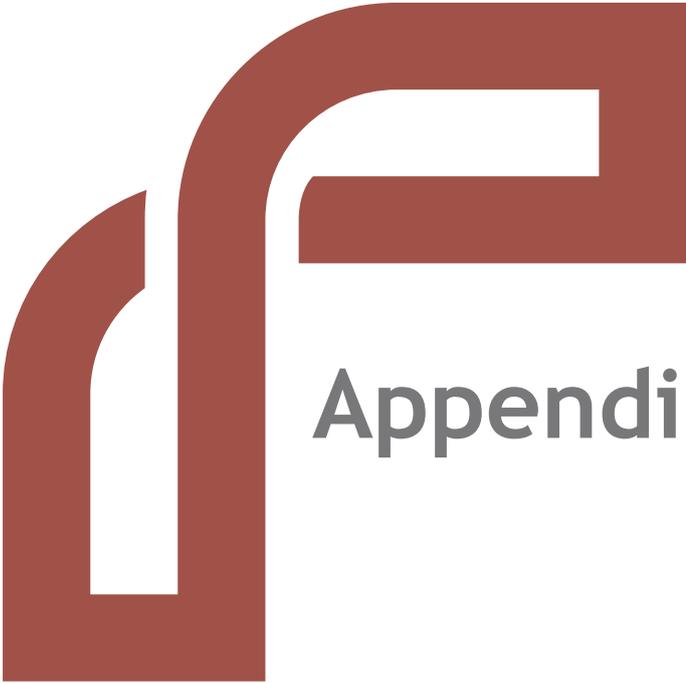
Telephone: +44 300 678 0015

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

Thank you

Mark Ford, Adam Stephens, Henry Shinner
Joint special administrators

Date: 25 November 2019



Appendices

A. Statutory information

Relevant Court	High Court of Justice, Business and Property Courts of England and Wales			
Court Reference	CR-2019-006671			
Trading Addresses	17 Moorgate, London EC2R 6AR			
Former Name(s)	Reyker Securities Limited (1 November 1985 to 6 March 1995) Finsec Services Limited (1 February 1984 to 31 October 1985) Phoneville Limited (23 August 1983 to 30 January 1984)			
Registered Office	25 Moorgate, London, EC2R 6AY (Formerly 17 Moorgate, London EC2R 6AR)			
Registered Number	01747595			
Joint special administrators	Mark Christopher Ford, Adam Henry Stephens and Henry Anthony Shinnars all of 25 Moorgate, London, EC2R 6AY (IP No(s) 9521,9748 and 9280) In accordance with Paragraph 100 (2) Schedule B1 of the Act (as applied by Reg. 15) the Court order authorises the JSAs to act jointly and severally.			
Date of Appointment	8 October 2019			
Appointor	The High Court of Justice upon the application of the directors			
Directors (current)	<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>	<u>Shareholding</u>
	Adrian Barwell	31 August 2012	-	41.77%
	Katie McGinley	28 June 2017	-	-
Directors (last 3 years)	Philippa Brown	1 February 2006	19 September 2018	10.10%
Company Secretary	Katie McGinley	13 April 2018	-	-
Shareholders	<u>Name</u>	<u>No. shares held</u>	<u>Voting rights</u>	
	Karin Bernadette Moorhouse	282,188	38.75%	
	Adrian Barnwell	304,150	41.77%	
	Philippa Jane Brown	73,556	10.10%	
	Kelly Beatrice Lake	6,562	0.90%	
	Jessica Moorhouse	13,125	1.80%	
	Kyle Lake	6,563	0.90%	
	Will Felstead	14,000	1.92%	
	Jeffery Eric Felstead	14,000	1.92%	
	Georgina Rose Felstead	14,000	1.92%	
	Total	728,144	100%	

B. Subsidiaries

Direct, wholly owned subsidiaries

The Company directly holds 100% of the issued ordinary share capital of the following entities:

1. Reyker Nominees Limited
2. Reyker Brokerage Limited
3. Reyker Brokerage Nominees Limited
4. Reyker BV Nominees Limited
5. Reyker Capital Limited
6. Reyker Compliance Limited
7. Reyker Crowdstack Nominees Limited
8. Reyker Europe Limited
9. Reyker Far East Limited
10. Reyker Financial Limited
11. Reyker Group Limited
12. Reyker Investment Products Limited
13. Reyker Limited
14. Reyker Online Limited
15. Reyker Online Nominees Limited
16. Reyker Property Developments Limited
17. Reyker Property Funds Limited
18. Reyker Safe Custody Limited
19. Reyker Safe Custody Nominees Limited
20. Reyker Services Limited
21. Reyker Technology Limited
22. Reyker Trustees Limited
23. Reyker USA Limited
24. Reyker Wealth Limited
25. 4thekids Limited
26. Augere Financial Limited
27. Augere International Limited
28. Lumen Group Limited

Indirect, wholly owned subsidiaries

The Company indirectly holds 100% of the issued ordinary share capital of the following entities:

1. Reyker Depository Limited
2. Reyker Depository Nominees Limited
3. Reyker SIPP Trustees Limited
4. Reyker Trust & Depository Nominees Limited
5. Reyker Trust & Depository Services Limited
6. Lumen Investment Nominees Limited

Significant, controlling interests

The Company holds a significant, controlling interest in the following entities:

1. Reyker Financial Products Limited
2. Reyker Structured Investments Limited
3. Reyker UAE Limited
4. Reyker Wealth Products Limited
5. TI Isomer Capital Nominees Limited

C. Estimated financial position as at 8 October 2019

House Assets & Liabilities	Book Value £	Estimated to Realise £
<u>Assets subject to fixed charge:</u>		
Client Book / Goodwill	NIL	Uncertain
Less: Debts secured by fixed charge - NatWest Bank Plc	(1,976)	(1,976)
Deficiency as regards fixed charge creditor (to carry forward)	(1,976)	(1,976)
<u>Assets subject to floating charge:</u>		
Reyker VAULT (bespoke IT system)	1,300,970	Uncertain
Prepayments & Other Deposits	225,646	34,792
Other Debtors	202,991	Uncertain
Investments	176,031	NIL
Office Furniture & Equipment	119,786	45,000
Book Debts	64,735	24,369
Employee & Shareholder Loans	55,404	55,404
Cash at Bank	51,812	51,812
Rent Deposits	41,000	NIL
Artwork	24,600	Uncertain
Trademarks	3,500	Uncertain
Petty Cash	187	187
Estimated total assets available for preferential creditors	2,266,662	211,564
Preferential creditors - Employees wages and accrued holiday entitlements		(7,574)
Estimated surplus as regards preferential creditors		203,990
Estimated prescribed part of net property (to carry forward)		NIL
Estimated total assets available for floating charge holders		203,990
Debts secured by floating charges post 14 September 2003 (brought down) NatWest Bank Plc		(1,976)
Estimated deficiency of assets after floating charges		202,014
Estimated prescribed part of net property (brought down)	NIL	NIL
Total assets available for unsecured creditors		202,014
Unsecured non-preferential claims (excluding shortfall to floating charge holders):		
Trade & Expense Creditors	580,328	
FSCS	47,156	
Connected Creditors	171,176	
Employees - Unsecured Claims	143,558	
Pension Scheme Shortfall	11,175	
PAYE & NIC	166,963	
Intercompany Loan	86,252	(1,206,607)
Estimated deficiency as regards non-preferential creditors (excluding shortfall to floating charge holders)		(1,004,594)
Shortfall to floating charge holders (brought down)	NIL	NIL
Estimated deficiency as regards creditors		(1,004,594)
Issued and called up capital:		
695,244 Ordinary Shares of £1.00 each	695,244	(695,244)
32,900 Ordinary A Shares of £1.00 each	32,900	(32,900)
Estimated total deficiency as regards members		(1,732,738)

Client Assets held as at 8 October 2019 (as per the Company's records)

Client Money

Currency	£	£
GBP	48,392,462	
EURO	6,464,770	
USD	2,215,669	
Other	156,698	
Total Client Money held as at 8 October 2019*		57,229,599

Custody Assets held as at 8 October 2019

Asset Class		
Private Equity	245,138,256	
Listed Corporate Bond	195,639,893	
Structured Product	187,537,432	
Non-UCITS Fund	84,993,208	
Standard Equity Investment	73,630,109	
Overseas UCITS Fund	38,570,020	
Unlisted Corporate Debt	29,288,396	
Securitised Derivatives	20,157,106	
IP Group Private Equity	16,905,646	
UCITS Fund	11,035,683	
Sovereign Debt	7,533,417	
LLP Entitlement	6,246,052	
UCITS ETF	4,492,576	
Hedge Fund	2,152,827	
ETC	442,604	
Total Custody Assets held as at 8 October 2019*		923,763,224
Total Client Assets held as at 8 October 2019*		<u>980,992,823</u>

* Stock prices and currency exchange rates taken as at close of business on 7 October 2019

Reyker Securities Plc
B - Company Creditors

Key	Name	Address	Amount (£)	Security held	Date security given	Value of security (£)
CA00	Absolutely	21A Brownlow Mews, London, WC1N 2LA	0.00	None	-	-
CA01	Alphabet (GB) Limited	Alphabet House, Summit Avenue, Farnborough, Hampshire, GU14 0FB	1,200.72	None	-	-
CA02	Amio Wealth Limited	North West House, 119 Marylebone Road, Marylebone, London, NW1 5PU	0.00	None	-	-
CA03	Andrew Wilson & Co	26 Missouri Avenue, Salford, Manchester, M50 2NP	90.00	None	-	-
CA04	APAC	52 Grosvenor Gardens, London, SW1W 0AU	0.00	None	-	-
CA05	Apollo Multi Asset Management LLP	Second Floor, Reigate Hill House, 28 Reigate Hill, Reigate, Surrey, RH2 9NG	0.00	None	-	-
CA06	Arkk Solutions Ireland	2nd Floor Linen Court, 10 East Road, London, N1 6AD	6,300.00	None	-	-
CA07	Arthur Financial Limited	6 Lloyds Avenue, London, EC3N 3AX	34,766.00	None	-	-
CA08	Ascension Media Group	20 Air Street, 4th Floor, London, W1B 5DL	0.00	None	-	-
CA09	Astute Capital	96-98 Baker Street, London, W1U 6TJ	0.00	None	-	-
CA0A	Azo Print Limited	44 Kingsway, Holborn, London, WC2B 6EL	21.50	None	-	-
CB00	Bedford Row Capital	Bedford Row Capital Advisers Limited, 1 Bedford Row, London, WC1R 4BZ	0.00	None	-	-
CB01	Bloomberg Finance	3 Queen Victoria Street, London, EC4N 4TQ	2,314.48	None	-	-
CB02	Blueprint Industrial Engineering PLC	Salatin House, 19 Cedar Road, Sutton, Surrey, SM2 5DA	0.00	None	-	-
CB03	Boundary Capital Partners LLP	35 Kingsland Road, London, E2 8AA	0.00	None	-	-
CB04	Brebners Chartered Accountants & Advisor	130 Shaftsebury Avenue, London, W1D 5AR	46,554.00	None	-	-
CB05	Brickvest	25 Worship Street, London, EC2A 2DX	0.00	None	-	-
CB06	BT Group	81 Newgate Street, London, EC1A 7AJ	289.54	None	-	-
CB07	BUPA	Bupa Place, 102 The Quays, Salford, M50 3SP	0.00	None	-	-
CC00	Calibrate	60 Gresham Street, London, EC2V 7BB	0.00	None	-	-
CC01	Capital Cell Ltd	Oficina 2D2, Placa De Pau Vila 1, Barcelona 8039, Spain	0.00	None	-	-
CC02	Chartered Institute for Securities	3rd Floor, 20 Fenchurch Street, London, EC3M 3BY	166.00	None	-	-
CC03	Chevington Finance & Leasing Ltd	Cocoanut House, Hall Street, Long Melford, Suffolk, CO10 9JQ	70.40	None	-	-
CC04	CIPD Enterprises Limited	151 The Broadway, London, SW19 1JQ	163.00	None	-	-
CC05	City & Merchant Limited	Dashwood House, 69 Old Broad Street, London, EC2M 1QS	0.00	None	-	-
CC06	City of London		40,624.00	None	-	-
CC07	Clarmond Advisors	1 Holbein Place, London, SW1W 8NS	0.00	None	-	-
CC08	Click 4 Assistance	11 Lords Court, Cricketers Way, Basildon, Essex, SS13 1SS	52.66	None	-	-
CC09	Cofunds Limited	Cofunds House, Mayland Road, Witham, Essex, CM8 2FR	2,914.57	None	-	-
CC0B	Companies House	Late Filing Penalties, PO Box 710, Crown Way, Cardiff, CF14 3UZ	1,500.00	None	-	-
CC0C	Compass Bank and Trust Corporation	4 Castle Street, 1st Floor, Roseau, Commonwealth of Dominica	0.00	None	-	-
CC0D	CSS Systems Limited	Unit 17, Bassett Business Centre, Hurricane Way, North Weald, CM16 6AA	264.00	None	-	-
CC0E	Custodian Life Limited	Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda	0.00	None	-	-
CD00	Deepbridge Capital	Deepbridge House, Honeycomb East, Chester Business Park, Chester, CH4 4QN	0.00	None	-	-
CD01	Direct Optimus Pension Administrators	St Mary's, The Parade, Castletown, Isle of Man, IM9 1LG	0.00	None	-	-
CD02	Direct Reyker		0.00	None	-	-



Reyker Securities Plc
B - Company Creditors

Key	Name	Address	Amount (£)	Security held	Date	
					security given	Value of security
CE00	Ex SVS	5th Floor, 25 Marsh Street, Bristol, BS1 4AQ	0.00	None	-	-
CF00	Fidelipay	Sutherland House, 72-78 West Hendon Broadway, London	96.00	None	-	-
CF01	Financial Conduct Authority	12 Endeavour Square, London, E20 1JN	57,594.54	None	-	-
CF02	Fitch Learning	25 Canada Square, London, E14 5LQ	405.00	None	-	-
CF03	Fluidata Limited	5 Hatfields, London, SE1 9PG	378.00	None	-	-
CF04	Force Over Mass Capital	Michelin House, 81 Fulman Road, London, SW3 6RD	0.00	None	-	-
CF05	Fox Williams LLP		7,038.42	None	-	-
CF06	FTSE International Ltd	10 Paternoster Square, London, EC4M 7LS	2,049.60	None	-	-
CF07	Fusion Technology Solutions Ltd	Rivermead House, Bishop Hall Lane, Chelmsford, Essex, CM1 1RP	12,605.64	None	-	-
CF08	Future Value Consultants	Auckland House, 151 Sheen Lane, East Sheen, London, SW14 8LR	30,770.00	None	-	-
CF09	FSCS	10th Floor, Beaufort House, 15 St Botolph Street, London, EC3A 7QU	47,155.57	None	-	-
CG00	Gaudi Trustees Ltd	Oakridge Office Park, Southampton Rd, Salisbury, SP5 3HT	0.00	None	-	-
CG01	GB Group Plc	The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB	7,210.06	None	-	-
CG02	Gravitas Finance LLC	7b Nautica Commerical Center, Royal Road, Black River, Mauritius	0.00	None	-	-
CH00	Haatch Ventures LLP	The Hub, Blackfriars Street, Stamford, Lincolnshire, PE9 2BW	0.00	None	-	-
CH01	Hill Newton Recruitment Ltd	c/o Forbes Chartered Accountants, 2 Angel Lane, Dunmow, Essex, CM6 1AQ	5,400.00	None	-	-
CH02	Hybridan LLP	20 Ironmonger Lane, London, EC2V 8EP	0.00	None	-	-
CH03	HM Revenue & Customs (PAYE)	Debt Management, Enforcement & Insolvency Service, Ty Glas, Llanishen, Cardiff, CF14	166,962.63	None	-	-
CI00	Ingenious	15 Golden Square, London, W1F 9JG	0.00	None	-	-
CI01	Integrated Health Partners Ltd	Unit 1, Cadogan Court Gardens, No1 D'Oyley Street, London, SW1X 9AQ	130.00	None	-	-
CI02	IP Group	25 Cornhill, London, EC3V 3ND	0.00	None	-	-
CI03	Ipsium Invest Ltd	Heron Tower 110, Bishopsgate, London, EC2N 4AY	0.00	None	-	-
CJ00	JLG Group plc	1 Charterhouse Mews, London, EC1M 6BB	0.00	None	-	-
CK00	Kas Bank Charges	De Entrée 500, 1101 SE Amsterdam, The Netherlands	31,801.81	None	-	-
CK01	Katie Allen Expenses		190.53	None	-	-
CL00	Landall Services Limited	Unit 3 Bradmere House, Brook Way, Kingston Road, Leatherhead, KT22 7NA	11,394.51	None	-	-
CL01	Living Wage Foundation		144.00	None	-	-
CL02	London Stock Exchange Plc	10 Paternoster Square, London, EC4M 7LS	17,738.57	None	-	-
CM00	M Cegielski		0.00	None	-	-
CM01	Mayfly Internet Marketing Ltd	The Annexe, 13 Hope St, Liverpool, L1 9BQ	264.00	None	-	-
CM02	MBL Seminars Limited	The Mill House, 6 Worsley Road, Worsley, Manchester, M28 2NL	120.00	None	-	-
CM03	Midland PBS Ltd	Bell House, Nottingham Science & Technology Park, NG7 2RL	121.10	None	-	-
CM04	Morgan Stanley	20 Bank Street, Canary Wharf, London, E14 4AD	3,750.00	None	-	-
CN00	NB Trader Solutions Ltd	7 Beecham Court, Wigan, WN3 6PR	6,980.40	None	-	-
CN01	Neopost Limited		863.32	None	-	-
CN02	Newable Private Investing Ltd	140 Aldersgate Street, 6th Floor, London, EC1A 4HY	0.00	None	-	-
CN03	News & Chews	20 Masons Avenue, London, EC2V 5BT	125.60	None	-	-
CN04	NIG Insurance		2,012.60	None	-	-



Reyker Securities Plc
B - Company Creditors

Key	Name	Address	Amount (£)	Security held	Date	
					security given	Value of security
CN05	Noble Isle Limited	145 Edge Lane, Liverpool, L7 2PF	156.00	None	-	-
CN06	Nova	17 Boundary Road, Liverpool, L5 9UB	0.00	None	-	-
CN07	NTE Limited	7 Camberwell Way, Moorside Park, Sunderland, Tyne and Wear, SR3 3XN	0.00	None	-	-
CN08	NTE Limited	7 Camberwell Way, Moorside Park, Sunderland, SR3 3XN	0.00	None	-	-
CN09	NatWest Bank plc	1st Floor, 440 Strand, London, WC2R 0QS	1,976.12	None	06/04/2016	1,976.12
CO00	O2h Ventures Limited	Hauxton House, O2H Scitech Park, Mill Lane, Hauxton, Cambridge, CB22 5HX	0.00	None	-	-
CO01	Oxford Capital Partners Ltd	201 Cumnor Hill, Oxford, OX2 9PJ	0.00	None	-	-
CP00	Plant Designs Limited	5 St Johns Lane, London, EC1M 4BH	1,716.00	None	-	-
CP01	Puma Investments	Cassini House, 57 St James's Street, London, SW1A 1LD	0.00	None	-	-
CR00	Rainbow Office Supplies Ltd	47 Leasons Hill, Orpington, Kent, BR5 2LF	569.75	None	-	-
CR01	Regular Cleaning Services Limited	Aldworth House, 1 Aldworth Grove, London, SE13 6HJ	4,453.82	None	-	-
CR02	Ring Central UK Ltd	Ealing Cross, 85 Uxbridge Road, London	20,560.71	None	-	-
CR03	Sage Software Ltd	North Park, Newcastle upon Tyne, NE13 9AA	36.00	None	-	-
CR04	Reyker Trust & Depositary Nominees Ltd	17 Moorgate, London, EC2R 6AR	224,430.34	None	-	-
CR05	Revinso Limited	The Silk House, Lucks Lane, Paddock Wood, Tonbridge, TN12 6PA	32,997.53	None	-	-
CR06	Reyker SIPP Pension Scheme	c/o Standard Life, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH	11,175.41			
CS00	Savills (UK) Ltd	Management Treasury Department, Blevedere, 12 Booth Street, Manchester, M2 4AQ	214,122.29	None	-	-
CS01	Shadow Foundr	Hove Business Centre, Fonthill Rd, East Sussex, BN3 6HA	0.00	None	-	-
CS02	Shred Station Ltd	Wendover Road, Norwich, NR13 6LH	312.00	None	-	-
CS03	SIG	Apsley House, 176 Upper Richmond Road, London, SW15 2SH	0.00	None	-	-
CS04	Smaller Companies Capital Limited	4 Lomard Street, London, EC3V 9HD	0.00	None	-	-
CS05	Stonehage Fleming Investment Management Li	15 Suffolk Street, London, SW1Y 4HG	0.00	None	-	-
CS06	Swan Real Estate PLC	58 Waterloo Street, Glasgow, G2 7DA	0.00	None	-	-
CS07	Swedestart Tech AB	Stureplan 13, 3trp, 114 87 Stockholm, Sweden	0.00	None	-	-
CT00	Task Systems Ltd	Unit 3&4 Block C, Gemini Business Park, Hornet Way, Beckton, London, E6 7FF	28.80	None	-	-
CT01	Thameside Investment Group plc	Thameside Markets Ltd, 15 Thameside, Henley-on-Thames, RG9 1BH	0.00	None	-	-
CT02	The Copyright Licensing Agency Ltd	5th Floor, Shackleton House, Hays Galleria, 4 Battle Bridge Lane, London, SE1 2HX	570.00	None	-	-
CT03	TNT UK Limited	PO Box 4, Ramsbottom, Bury, Lancashire, BL8 9AR	78.00	None	-	-
CT04	Truffle Invest	67 Wingate Square, London, SW4 0AF	0.00	None	-	-
CV00	Victoria Emery	Flat 104, 180 High Street, Stratford, London	1,250.00	None	-	-
CV01	Vordere plc	3rd Floor, 11-12 St James's Square, London, SW1Y 4LB	0.00	None	-	-
CW00	Westbury Private Clients LLP	4 Grays Inn Rd., Holborn, London, WC1V 7QH	0.00	None	-	-
CW01	WM Capital Management	80 Coleman Street, London, EC2R 5BJ	0.00	None	-	-
	Employee - Preferential Claims	Details redacted	7,574.47	None	-	-
	Employee - Unsecured Claims	Details redacted	143,558.07	None	-	-
109 Entries Totalling			1,216,158.08	-	-	1,976.12



D. Receipts and payments from 8 October to 25 November 2019

Est. to Realise		House Account	Objective 1 Account	Total
£		£	£	£
RECEIPTS				
N/A	Repayable Loan Facility	-	300,000.00	300,000.00
Uncertain	Goodwill	-	-	-
Uncertain	Reyker VAULT (bespoke IT system)	-	-	-
Uncertain	Artwork	-	-	-
Uncertain	Other Debtors	-	-	-
Uncertain	Trademarks	-	-	-
NIL	Investments	-	-	-
NIL	Rent Deposits	-	-	-
55,403.56	Employee & Shareholder Loans	-	-	-
51,812.15	Cash at Bank	51,812.15	-	51,812.15
45,000.00	Office Furniture & Equipment	-	-	-
34,792.00	Prepayments & other deposits	-	-	-
24,369.10	Book Debts	-	-	-
187.31	Petty Cash	-	-	-
0.00	Bank Interest Gross	2.98	33.26	36.24
<u>211,564.12</u>		<u>51,815.13</u>	<u>300,033.26</u>	<u>351,848.39</u>
PAYMENTS				
	Wages & Salaries	-	(66,946.21)	(66,946.21)
	Agents' Fees & Expenses	-	(26,024.73)	(26,024.73)
	IT Suppliers	-	(24,549.00)	(24,549.00)
	Pension Contributions	-	(23,294.73)	(23,294.73)
	Irrecoverable VAT	(116.50)	(12,557.81)	(12,674.31)
	Stationary & Postage	-	(12,586.75)	(12,586.75)
	Staff Benefits & Expenses	-	(1,761.81)	(1,761.81)
	Telephone & Internet	-	(1,076.65)	(1,076.65)
	Statutory Advertising	(582.50)	-	(582.50)
	Sundry Expenses	(263.00)	-	(263.00)
	Bank Charges	(1.25)	(43.90)	(45.15)
	Subscriptions	-	(40.00)	(40.00)
		(963.25)	(168,881.59)	(169,844.84)
	Balances in Hand	<u>50,851.88</u>	<u>131,151.67</u>	<u>182,003.55</u>
CLIENT MONEY - PRIMARY POOL				
	NatWest Bank Plc			50,815,730.40
	Kas Bank Plc			4,667,320.88
	Allfunds Bank S.A.U.			1,345,784.12
	Capital IOM Offshore			400,763.92
	Balance in Hand			<u>57,229,599.32</u>
CLIENT MONEY - POST POOLING ACCOUNT				
	Kas Bank Plc			5,048,197.84
	NatWest Bank Plc			3,182,464.34
	Allfunds Bank S.A.U.			6,116.79
	Balance in Hand			<u>8,236,778.97</u>



Notes and further information required by SIP 7

1. All bank accounts are interest bearing
2. The repayable loan facility may only be used to defray the associated costs of pursuing Objective 1
3. The Company's own House Assets may be used to defray the associated costs of pursuing Objective 2 and 3 (insofar as realisations permit);
4. Client Money within the CMP are held separately to both House Assets and the Repayable Loan Facility in designated Client accounts and held on trust for Clients;
5. Client Money received following the PPE are held in Post Pooling Accounts and segregated from the CMP, House Assets and the Repayable Loan Facility.
6. All amounts in the receipts and payments account are shown exclusive of any attributable VAT. VAT is not recoverable in this matter and, accordingly, where VAT is charged and paid on expenses, it is shown as irrecoverable VAT;
7. 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.



E. Time analysis for the pre-appointment period

Time costs incurred prior to appointment

Grade	Hours
Partner / Director	105.9
Associate director	24.0
Manager / Assistant Manager	29.3
Other professional staff	1.1
Assistants & support staff	-
Total hours	160.2
Total time cost	£ 96,135.00
Average hourly rate	£ 600.28

Explanation of work activities undertaken prior to appointment

- Meeting with the directors and key company staff to provide advice and assistance in preparation for the special administration of the Company and to assess the Company's financial position;
- Providing assistance preparing and drafting the director's witness statement and application for the special administration to the High Court;
- Attending Company offices to form an initial assessment of the whereabouts of company assets, company books and records, client assets, the client Vault system and other key client records;
- Reviewing the Company records to understand its liabilities and the creditor position;
- Review, along with our legal advisers, of certain Clients' terms and conditions;
- Understanding events leading to special administration to inform post appointment actions and investigations;
- Liaising and meeting with the FCA, legal advisors and Counsel on the special administration process, as relevant to the Company;
- Discussions with prospective funders;
- Preparation and planning for appointment with regard to gathering lists of stakeholders, planning communication systems and preparing responses to questions that may be raised;
- Liaising with the S&W CASS Reconciliation Team, specialist tax advisors, and Forensics personnel to brief and prepare them prior to appointment; and
- Undertaking company searches



F. Time analysis for the period 8 October to 10 November 2019

Overview

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

JSAs' time costs incurred from 8 October to 10 November 2019

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								
Strategy and planning	11.4	1.6	3.3	4.3	-	20.5	10,802	526.93
Client communications	8.9	-	9.0	0.5	0.3	18.6	10,280	552.69
Client statements	0.9	-	0.4	-	-	1.3	764	611.00
Client identification / tracing	5.5	-	-	-	-	5.5	3,713	675.00
Reconciliations	11.8	2.0	0.5	-	-	14.3	8,995	628.99
Transfers / returns / sale	5.8	0.5	-	-	-	6.3	4,135	656.35
Trading matters	4.5	-	19.4	0.1	-	23.9	11,601	485.41
Total	48.7	4.1	32.6	4.8	0.3	90.4	50,289	556.60
Objective 1: Custody Assets								
Strategy and planning	18.7	4.9	19.1	16.3	-	58.9	26,545	451.07
Client communications	34.9	-	48.5	9.8	0.5	93.6	48,744	521.04
Client statements	2.2	0.2	0.5	-	-	2.9	1,789	627.54
Client identification / tracing	3.4	-	0.2	-	-	3.6	2,356	663.73
Reconciliations	28.9	-	3.4	-	-	32.2	21,065	654.19
Open trades	24.7	13.3	1.8	-	-	39.7	24,325	612.72
Corporate actions	2.8	-	-	-	-	2.8	1,856	675.00
Transfers / returns / sale	30.5	3.3	1.8	-	-	35.5	22,816	642.71
Trading matters	19.0	15.5	110.0	6.0	-	150.4	71,575	475.90
Data Subject Access Requests	-	-	2.0	-	-	2.0	950	475.00
Total	164.8	37.0	187.1	32.0	0.5	421.4	222,021	526.93
Objective 1: Post Pooling Monies								
Total	4.1	3.0	12.0	-	-	19.1	9,632	505.60
Objective 2: Liaison with Regulatory Bodies								
Total	16.2	-	0.7	-	-	16.9	11,234	666.69
Objective 3: Company ("House")								
Administration & planning	17.7	2.1	37.8	4.0	-	61.5	30,920	502.76
Investigations	0.3	-	1.0	-	-	1.3	644	515.00
Realisation of assets	1.2	-	6.1	-	-	7.3	3,674	506.72
Creditors	2.5	-	13.1	6.2	-	21.8	8,969	412.37
Corporate Tax	1.6	-	-	-	-	1.6	1,012	652.90
Forensics	-	-	11.0	10.0	-	21.0	6,910	329.05
Total	23.1	2.1	69.0	20.2	-	114.3	52,128	456.07
Grand Total	256.8	46.2	301.4	56.9	0.8	661.9	345,304	521.69



Detailed narrative of tasks undertaken

Objective 1: Client Money time costs

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

Client communications

- Issuing initial letters to all Clients with Client Money notifying them of our appointment
- Drafting announcement and hosting important updates on the Company's own website
- Setting up a Client helpline number and directing calls to the Company's Client services team and S&W overflow call centre
- Setting up a dedicated email address for Client queries
- Drafting extensive FAQ document and publishing on the Company's website
- Training the Company's staff and S&W overflow call centre staff to deal with Client queries
- Preparing documents for the 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 and enclosing Client Statements (see below)
- Drafting and making available the JSAs' Proposals
- Convening and initial preparations for the Initial Meeting, to include sourcing an appropriate venue
- Review of Client addresses and updating the VAULT database
- Review and consideration of developing the Company's Client portal to provide Clients with information and to agree claims for distribution / transfer in due course

Client statements

- Preparation of Client Statements shortly after appointment to create back up record of Client positions
- Preparation of Client Statements as at date of appointment for information and voting purposes
- Reviewing VAULT and Client data for omissions and corrections
- 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)
- Transferring reports into pdf format and devising strategy to match covering letter to Client statement in one pdf file for each Client and subsequent printing
- Aggregating and consolidating Client accounts into groups on VAULT so that only one statement is generated per Client (as opposed to previous system of one statement per Client plan - some Clients hold multiple accounts)
- Investigating circa 400 Client accounts with a negative cash balance and subsequent adjustments
- Sampling of stock prices and currency exchange rates to confirm statements are correct as at close of business on 7 October 2019



- Extensive discussions with directors of Reyker Trust and Depositary Services Limited, solicitors and Clients as to correct treatment of several million pounds of Client Money

Client identification / tracing

- Reviewing Client contracts to establish, with solicitors, the direct and underlying Client relationships and communicating findings to the FSCS
- Reviewing Client records to identify Clients' ownership of money held
- Processing addressee gone away letters and attempts to locate Clients through alternative communication, e.g. email and telephone where details are on file
- Processing Clients' change of address requests and undertaking necessary identity checks
- Establishing new accounts with data providers for client verification

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
- Discussions with HMRC about ISA matters, including obtaining information from them, and any proposed public comments which HMRC might wish to make
- 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. KAS bank, Allfunds, NatWest, etc.) for the purposes of gaining access to relevant information and maintenance of the Company's existing relationship with these bodies.

Transfers / returns / sale

- Planning the strategy for the return of Client Money and seeking appropriate legal advice
- Engaging with Seneca to assist with marketing the business for sale to one or more interested parties / regulated brokers
- Preparation of sale memoranda and compiling information for data room and requests for additional information
- Liaising with Company's staff for required information
- Entering non-disclosure agreements and facilitating initial discussions with interested parties
- Seeking legal advice with regard to the terms of any future sale and basis of a transfer (e.g. use of Bar Date)
- Dealing with queries from interested parties and Seneca and managing the flow of information
- Meeting and negotiating with interested parties and facilitating early stage due diligence

Trading matters

- Review of critical operations and preparation of a cashflow forecast for the Special Administration period
- Discussions with prospective funders, negotiating and finalising funding terms and initial drawdown
- 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
- Raising, approving and monitoring purchase orders and setting up control systems for trading
- Reviewing the Company's leasehold premises and discussions with landlord required occupying less space for the purpose of the administration
- Review of rent, service charge and utility charges
- 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 one round of consultancies and redundancies

Objective 1: Custody Assets time costs

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
- Setting up Custody Asset accounts with Euroclear and other providers 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
- Planning and strategy and discussions with interested parties. brokers as regard future stock transfers
- 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

Client communications

- Issuing initial letters to all Clients with Custody Assets notifying them of our appointment
- Drafting announcement and hosting important updates on the Company's own website
- Setting up a Client helpline number and directing calls to the Company's Client services team and S&W overflow call centre
- Setting up a dedicated email address for Client queries
- Drafting extensive FAQ document and publishing on the Company's website
- Training the Company's staff and S&W overflow call centre staff to deal with Client queries
- Preparing documents for the 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 and enclosing Client Statements (see below)
- Drafting and making available the JSAs' Proposals
- Convening and initial preparations for the Initial Meeting, to include sourcing an appropriate venue
- Review of Client addresses and updating the VAULT database
- Review and consideration of developing the Company's Client portal to provide Clients with information and to agree claims for distribution / transfer in due course



Client Statements

- Preparation of Client Statements shortly after appointment to create back up record of Client positions
- Preparation of Client Statements as at date of appointment for information and voting purposes
- Reviewing VAULT and Client data for omissions and corrections
- 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)
- Transferring reports into pdf format and devising strategy to match covering letter to Client statement in one pdf file for each Client and subsequent printing
- Aggregating and consolidating Client accounts into groups on VAULT so that only one statement is generated per Client (as opposed to previous system of one statement per Client plan - some Clients hold multiple accounts)
- Investigating circa 400 Client accounts with a negative cash balance and subsequent adjustments
- Sampling of stock prices and currency exchange rates to confirm statements are correct as at close of business on 7 October 2019

Client identification / tracing

- Reviewing Client contracts to establish, with solicitors, the direct and underlying Client relationships and communicating findings to the FSCS
- Reviewing Client records to identify Clients' ownership of money held
- Processing addressee gone away letters and attempts to locate Clients through alternative communication, e.g. email and telephone where details are on file
- Processing Clients' change of address requests and undertaking necessary identity checks
- Establishing new accounts with data providers for client verification

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 Crest, Euroclear and LSE for the purposes of gaining access to relevant information and maintenance of the Company's existing relationship with these bodies.

Open trades

- Identification and review of open trading positions and considering the impact on Client stock positions
- Liaising with FCA, the LSE, Euroclear and other bodies and counterparties as regards approach to be taken and finalising open positions
- Strategy and policy for dealing with all open trades
- Liaising with legal advisors
- Adjustments of Company records to reflect the cancellation of open positions

Corporate actions

- Correspondence and calls with Clients in relation to corporate actions requests



- Formulating a corporate actions policy, including liaising with our legal advisers

Transfers / returns / sale

- Planning the strategy for the return of Custody Assets and seeking appropriate legal advice
- Engaging with Seneca to assist with marketing the business for sale to one or more interested parties / regulated brokers
- Preparation of sale memoranda and compiling information for data room and requests for additional information
- Liaising with Company's staff for required information
- Entering non-disclosure agreements and facilitating initial discussions with interested parties
- Seeking legal advice with regard to the terms of any future sale and basis of a transfer (e.g. use of Bar Date)
- Dealing with queries from interested parties and Seneca and managing the flow of information
- Meeting and negotiating with interested parties and facilitating early stage due diligence

Trading matters

- Securing share certificates
- Review of critical operations and preparation of a cashflow forecast for the Special Administration period
- Discussions with prospective funders, negotiating and finalising funding terms and initial drawdown
- 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
- Raising, approving and monitoring purchase orders and setting up control systems for trading
- Reviewing the Company's leasehold premises and discussions with landlord required occupying less space for the purpose of the administration
- Review of rent, service charge and utility charges
- 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 one round of consultancies and redundancies

Data Subject Access Requests

- Dealing with data protection regulators and process for dealing with requests for information

Objective 1: Post Pooling Money time costs

Post pooling money

- Correspondence and calls with banks to set up accounts to receive post pooling money



- Reviewing and identifying post pooling money received to date
- Daily reconciliations of post pooling money Client accounts
- Drafting initial process and protocol for returning post pooling money

Objective 2: Liaison with Regulatory bodies time costs

- Correspondence, calls and meetings with the FCA and FSCS
- Notification and exchanges of correspondence with LSE

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 joint special administrators’ 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 directors 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 produce 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
- Meeting with former director
- Taking calls from Clients raising concerns

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 and meeting with Hilco as agent to value and realise Company assets
- 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
- Engaging and dealing with ERA Solutions to act as agents in relation to employee matters
- Submitting employee related claims to the Redundancy Payments Office
- Liaison with the landlord and dealing with court action in relation to creditor claims
- Noting employee claims

Corporate Tax

- Providing initial advice and overview of the Company's VAT position and options and tax carry back status

Forensics

- Securing and imaging Company and Client records



G. Staffing, charging policies and charge out rates

Introduction

Detailed below are policies in relation to staff allocation, the use of professional advisers and disbursement recovery. Also shown are charge out rates for the period applicable to this report.

Staff allocation

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.

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 value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement 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 disbursements do require approval from 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.

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

S&WFS

S&WEBC is a pensions consultancy firm which specialises in providing advice to Insolvency Practitioners on their appointment in relation to all aspects of pensions. It is a division of S&WFS, a company associated with Smith & Williamson LLP.

S&WEBC may be engaged to deal with the Company's pension affairs. Payments to parties in which the joint special administrators or their firm have an interest must be disclosed to, and approved by, creditors. Fees for



their services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

Charge out rates

The rates applicable to this appointment are set out below.

Charge out rates from 1 July 2019	Restructuring & Recovery Services	Assurance & Business Services	Forensic Accounting	Corporate Tax
	£/hr	£/hr	£/hr	£/hr
Partner / Director	440 - 675	n/a	480 - 675	575 - 690
Associate Director	440 - 525	396	n/a	460
Managers	340 - 475	n/a	410 - 475	245 - 400
Other professional staff	225 - 475	265	240 - 475	115 - 200
Support & secretarial staff	125	n/a	125	60

Notes

1. Time is recorded in units representing 3 minutes 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. The cashiering function time is incorporated within "Other professional staff" rates.



H. Notice of Initial Meeting

Rule 73

Notice of a meeting of Creditors & Clients

The Investment bank Special Administration Regulations 2011

Name of Company Reyker Securities PLC	Company number 01747595
In the High Court of Justice, Chancery Division, Companies Court <small>(full name of court)</small>	Court case number CR-2019-006671

(a) Insert full names and addresses of the joint special administrators

Notice is hereby given by (a)

Mark Ford Smith & Williamson LLP 25 Moorgate London EC2R 6AY	Adam Stephens Smith & Williamson LLP 25 Moorgate London EC2R 6AY	Henry Shinnars Smith & Williamson LLP 25 Moorgate London EC2R 6AY
--	--	---

(b) Insert full name and registered address office of the company

that a meeting of creditors of and clients of
Reyker Securities PLC (also known as Reyker Securities and Reyker)
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

(c) Insert details of place of meeting

is to be held at
(c) etc. Venues, 155 Bishopsgate, London, EC2M 3YD

(d) Insert date and time of meeting

on (d) Monday 16 December 2019 at 11:00am
Registration will take place between 10:00am and 10:45am

*Delete as applicable

The meeting is:
~~*(1) an initial creditors' and clients' meeting in accordance with The Investment Bank- Special Administration Regulations 2011 and under paragraph 51(i) of Schedule B1 to the Insolvency Act 1986 ("the Schedule");~~
~~*(2) to consider revisions to my proposals under paragraph 54(2) of the Schedule;~~
~~*(3) a further creditors' meeting under paragraph 56 of the Schedule~~
~~*(4) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by 12 noon on 13 December 2019 if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 85 (b)(i) at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed



Joint Special Administrator (IP No.9748, 9280, 9521)

Dated

25 November 2019



I. Claim Forms

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

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

STATEMENT OF CLAIM - CLIENTS

The Investment Bank Special Administration Regulations 2011

Reyker Securities Plc (in Special Administration)

Part 1: Contact details	
Client name	
Client reference	
Client address	
Part 2: Confirmation of Client Statement	
I agree that my Client Statement is correct solely for the purposes of voting at the Initial Meeting of Clients and Creditors on 16 December 2019 (and at any subsequent meeting of Clients or Clients and Creditors)	Yes (go to Part 4) <input type="checkbox"/> No (go to Part 3) <input type="checkbox"/>
Part 3: 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. client statements, 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	
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)	

STATEMENT OF CLAIM - CREDITORS

The Investment Bank Special Administration Regulations 2011

Reyker Securities Plc (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: Reyker Securities plc (in special administration), c/o Smith & Williamson, 25 Moorgate, London, EC2R 6AY

By email: reyker.securities@smithandwilliamson.com


J. Proxy Forms

Appendix J(i) – Proxy Form – Clients

Appendix J(ii) – Proxy Form – Creditors



Rule 124

CLIENT PROXY FORM

Form 8.2

The Investment Bank Special Administration Regulations 2011

Reyker Securities Plc (in Special Administration)

Name of Client _____

Client 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 16 December 2019 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:

Name: _____

Address: _____

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

Please sign:

This form must be signed to be valid

SIGNATURE: _____

NAME (BLOCK CAPITALS): _____

DATE: _____

Position with or relation to Client _____

Please complete if Client has not signed or is a body corporate



Rule 124

CREDITORS PROXY FORM

Form 8.2

The Investment Bank Special Administration Regulations 2011

Reyker Securities Plc (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 Client's proxy holder at the meeting of Creditors and Clients to be held on 16 December 2019 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

3 That the Joint Special Administrators' proposals be approved. **For/Against***

4 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:

Name: _____

Address: _____

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

Please sign:

This form must be signed to be valid

SIGNATURE: _____

NAME (BLOCK CAPITALS): _____

Please complete if Client has not signed or is a body corporate

DATE: _____

Position with or relation to Client



K. 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: Monday 16 December 2019
Time: 11:00am (with registration between 10.00 to 10.45am)
Address: etc. venues, 155 Bishopsgate, London, EC2M 3YD

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 claim in the Special Administration or your ability to vote at the meeting.

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 12noon on 13 December 2019 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 either at Appendix I to the JSAs' Proposals or found on the website (www.ips-docs.com).

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 have been sent an initial statement of the Custody Assets and/or Client Money balances. This is the balance to be claimed, unless you believe this statement is incorrect. If that is the case, please provide details of why you believe the balances shown on the initial statement are incorrect with your Statement of Claim form.

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 individuals have 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.

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 13 December 2019 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 8 October 2019, less any adjustments by way of set-off.

Creditors should complete a Statement of Claim form and attach evidence of their claim. The Statement of Claim form can be found at Appendix I to the JSAs' Proposals or available to download at the website (www.ips-docs.com)

The JSAs will compare the claim received against Reyker's records.

ii. Clients' claims

Clients' voting rights are calculated according to the value of their Custody Assets at the close of business on 7 October 2019, plus any Client Money held for them.

To assist Clients in valuing their claim for voting purposes we have provided all Clients with a statement indicating their total portfolio value as at 8 October 2019.

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

Please note, the information contained within the client statement has been produced from the Company's records, which have not yet been independently reconciled.

As detailed above, you will need to complete and return a Statement of Claim form to the JSAs' office by 12 noon on 13 December 2019 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 debt 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. More detailed information on the role of a committee can be found on the website.

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 Reyker 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 (including the FSCS in their capacity as a Creditor) would be appropriate in this case in order to ensure the interests of all stakeholders are fairly represented. We consider that the FSCS has an interest in the achievement of the Objectives (particularly as it may ultimately have a significant claim). Nonetheless it is up to Clients and Creditors whether to vote the FSCS onto the committee.

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 13 December 2019.	1. Statement of claim form	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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