



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

FAQs - March 2020

This document has been prepared by the joint special administrators ("JSAs") of Reyker Securities plc (in special administration) (the "Company"). It contains guidance for Clients in respect of the Client Claim Portal ("the Portal") developed to facilitate the Company's Clients submitting a claim to their Client Assets (being Custody Assets and / or Client Money) which were held by the Company on their behalf as at 8 October 2019 (being the date of the JSAs' appointment).

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

Capitalised terms within this document are defined as follows:

Term	Definition
Bar Date	The deadline for Clients to submit their claims in respect of Client Money and/or Custody Assets
Client	A party for whom the Company held either Client Money or Custody Assets or both on their behalf as at 8 October 2019
Client Assets	Client Money and Custody Assets
Client Money	Money of any currency that the Company has received or holds for, or on behalf of, a Client as at 8 October 2019 in accordance with the Client Money Rules
Client Money Pool	The pool of Client Money held on trust by the Company in accordance with the Client Money Rules as at 8 October 2019 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 Money Rules	The client money rules of the FCA
Client Representative	An individual acting on behalf of the Company's Client who is named on the Client statement(s) and has explicit authority to act on behalf of the Client for the purpose of submitting their claim to Custody Assets and / or Client Money in the special administration and someone with whom the Client has shared their unique user-name and/or password details to access the Portal.
Company	Reyker Securities plc - in special administration
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients as at 8 October 2019
Declaration	The online declaration required to be completed by any Client submitting a claim via the online Portal
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
JSAs	The joint special administrators
Objective 1	To ensure the return of Client Assets as soon as is reasonably practicable, as set out in the Regulations.
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011

Smith & Williamson LLP

The affairs, business and property of the Company are being managed by the special administrators Mark Ford, Adam Stephens and Henry Shinnars ("the JSAs") who act as agents of the Company and without personal liability. The JSAs are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. As such we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at <http://smithandwilliamson.com/rsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact the staff member above.

Reyker Securities plc is authorised and regulated by the Financial Conduct Authority. FCA reference number: 115308. Registered in England, Company number: 1747595. Registered office: 17 Moorgate, London, EC2R 6AR

The word partner is used to refer to a member of Smith & Williamson LLP. A list of members is available at the registered office Registered in England at 25 Moorgate, London EC2R 6AY No OC369631. Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International, a worldwide network of independent accounting firms.



1. BACKGROUND

1.1 What is the purpose of the Portal?

As part of the special administration process, each Client should agree and submit their claim to Client Assets to the JSAs before the Bar Date, being **17.00 hours on 7 April 2020**.

The Portal has been designed to simplify this process for Clients and to reduce the cost of the processing of 11,500 paper submissions.

1.2 What is a claim?

For these purposes, when we refer to a 'claim' we mean a claim to the ownership of Client Assets. This may be a claim to either Client Money or Custody Assets or both.

In the case of Client Money, all Client Money held by the Company on behalf of its Clients as at 8 October 2019, being the date of the JSAs appointment, is deemed to fall within the Client Money Pool. Clients with Client Money balances need to agree and submit a claim for their share of the Client Money Pool.

Clients with Custody Assets holdings as at 8 October 2019, being the date of the JSAs appointment, need to agree and submit a claim in respect of the Client Assets held for them by the Company.

The Portal cannot be used for the submission of any other type of claim, including unsecured creditor claims, such as supplier claims or any claims Clients may make relating to advice received from the Company or breach of contract. Should you wish to make a claim of this nature, please send details in writing to the JSAs at Reyker Securities plc (in special administration), c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY.

1.3 What is the Bar Date?

The Bar Date represents the deadline by which Clients are required to submit their claim(s) for Client Money or Custody Assets.

If you fail to submit a claim by the Bar Date, then once any distribution or transfer is made by the JSAs you will lose any right to dispute your claim per the Company's records and therefore it is not guaranteed that your full claim will be taken into account when a distribution or transfer is effected. You are therefore strongly encouraged to submit your claim before the Bar Date.

2. MAKING A CLAIM

2.1 What do I need to do?

You are required to take action by the Bar Date, being **17.00 hours on 7 April 2020**.

You must log on to the Portal and complete the simple four-step process set out below:

1. Review your Client details;
2. Review your statement(s) which confirm your Client Assets held by the Company as at 8 October 2019 (please note, we are asking you to confirm the position of your holdings **as at 8 October 2019 in accordance with the Regulations**);
3. Finalise your submission by completing the Declaration, which includes:
 - Confirming whether you wish to apply for FSCS compensation (please note, this only applies to Clients with total Client Assets with a value equal to or greater than £85,000. Clients with total Client Assets of less than £85,000 are automatically deemed to have submitted a claim - see section 5 for further detail); and
 - Agreeing to the Portal's user representations and the JSAs' general disclaimer.

4. Press 'confirm' to submit your claim.

The Portal will confirm your claim has been successfully submitted. The submission of your claim is irreversible without contacting Client Services directly using the contact details in the next section.

2.2 *How do I access the Portal?*

To access the Portal, you need to go to <https://reykerportal.com> and enter your Client ID and your unique user password that has been sent to you in the post.

If you have not received a letter, please contact Client Services on [0800 048 9512](tel:08000489512) or, alternatively, by email at clientservices@reyker.com immediately.

2.3 *How long will it take to submit my claim?*

This will depend on how many plans you held with the Company and how many cash and stock lines were held in each plan. We anticipate it should take Clients an average of 15-30 minutes to submit their claim.

Clients may wish to have their most recent Client statements to hand to assist them when completing their claim. Where possible, the Portal includes a document library of historic statements provided by the Company covering the 18 months prior to the special administration for your ease of reference.

2.4 *Why don't I have any historic statements within the document library on the Portal?*

Where possible, we have uploaded any statements issued by the Company during the 18-month period prior to the special administration to a document library within the Portal for your ease of reference.

Not all clients will, however, have historic statements. This is because:

- Either the Company did not previously issue a statement to the end Client on account of the working relationship it had with the Client's intermediary or IFA; or
- It was not possible to safely migrate the statements given recent changes to the Client naming and referencing methodology adopted by VAULT in order to consolidate statements of Clients who held plans through a number of intermediaries / providers. This change has been necessary to achieve the purpose of the special administration and maintain client data security.

If you are unable to verify your holdings of Client Assets at 8 October 2019, please contact Client Services on 0800 048 9512 or, alternatively, by email at clientservices@reyker.com.

2.5 *Can anyone else view my statement and personal details on the Portal?*

No. Each Client has been provided with a unique password and can only access their own statement(s) and personal details.

2.6 *Can anyone else submit my Claim on my behalf?*

Yes. Should you wish to do so, you may elect a Client Representative to access the Portal, review your holdings and submit your claim on your behalf. This may be an intermediary, IFA or close friend or relative.

Any elected Client Representative will be asked to confirm their personal details and in what capacity they are acting. They will also need to accept the user representations outlined as part of the Declaration and claim submission.

2.7 *What will happen if I do not submit a claim via the Portal?*

As we have explained in our proposals and recent updates (available at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>), our preferred strategy is to transfer all Client Assets to another regulated broker by way of a single wholesale transfer as this is the most cost-effective and expeditious way of releasing Client Assets. Following the acceptance of an offer for the business and assets of the Company (subject to contract) in late January, the JSAs are continuing to pursue this strategy.

For any Client who does not submit a claim via the Portal by the Bar Date, the JSAs intend to effect the transfer based on the Company's records in accordance with the Regulations and Rules, however, this means that any Client who does not submit a claim via the Portal by the Bar Date will lose the opportunity to dispute any of the holdings shown on their statement in the Portal.

Where Clients have total Clients Assets with a value equal to or greater than £85k, the Portal also allows Clients to apply for FSCS compensation. Any eligible Client who does not pursue their claim via the Claims Portal may have to pursue compensation separately from the FSCS for any shortfall in their Client Assets that may arise as a result of the costs of the special administration as the JSAs may reserve sufficient Custody Assets or Client Money to cover those costs.

Please note, Clients with total Client Assets with a value of less than £85k are automatically deemed to have submitted a claim for FSCS compensation (further details are provided in section 5). The Portal automatically determines which of the respective categories you are deemed to fall into as part of the 'Declaration' and claim submission process and you will only see options that are relevant to you.

2.8 What can I do if I do not have access to the internet?

Clients who do not have access to the internet and, therefore, cannot easily access the Portal have two options:

1. Nominate a Client Representative by sharing your log-in details to log-in, review your holdings and submit your claim on your behalf. This may be an intermediary, IFA or close friend or relative. Anyone intending to do this may wish to seek independent legal advice.

Any elected Client Representative will be asked to confirm their personal details and in what capacity they are acting. They will also need to accept the user representations outlined as part of the Declaration and claim submission.

2. Contact Client Services on [0800 048 9512](tel:08000489512) or, alternatively, by email at clientservices@reyker.com to discuss alternative ways of reviewing your holdings and submitting a claim.

2.9 What do I do if my personal details held in the Portal are not up to date?

Please contact Client Services on 0800 048 9512 or, alternatively, by email at clientservices@reyker.com to update your details.

2.10 What is the purpose of the general disclaimer at the end of the Declaration?

The details of Client Assets on the Portal are based on the Company's records and the JSAs are unable to guarantee that those records are accurate. Accordingly, the disclaimer statement excludes any liability on the part of the JSAs and their firm, Smith & Williamson Limited, in connection with that information, as the JSAs act solely as agents on behalf of the Company at all times and without personal liability.

2.11 Who should submit the claim when it is held through a SIPP?

In the event there is a SIPP arrangement in place with the Company, the SIPP trustee, who are the Company's Client, should submit any claim to Client Assets on behalf of the underlying SIPP beneficiaries. The SIPP trustee will receive a letter from the JSAs providing details of how to access the Portal and submit a claim on behalf of all its underlying beneficiaries. The underlying SIPP beneficiary should not receive a letter from the JSAs.

2.12 Who should submit the claim when it is held as a joint account?

If you hold an account jointly with another person (e.g. a spouse), you will be sent one letter, addressed to the names on that account, with a unique password for that account. Either account holder may use the password to log-in and submit a claim. Only one claim can be submitted in respect of that account, however, the cap on FSCS compensation applies per person, meaning that

joint accounts benefit from a compensation limit of £170,000 (subject to the joint account holders not holding any other accounts in their individual names). Please refer to section 5 below and the FSCS website for more information (www.fscs.org.uk).

Please note, if more than one account is held in the same joint names, these will be consolidated to the same Portal area and, therefore, you will only receive one letter and one password to access the statement(s) for all of the joint accounts.

Where you hold a joint account and an individual account, you will receive separate letters and separate passwords for the respective accounts.

2.13 I think I have a negligence/mismanagement or breach of contract claim against the Company

The JSAs are aware that some Clients may feel that they have a claim against the Company because they feel that the Company was either negligent or mismanaged their investments or, alternatively, did not perform in line with certain contractual obligations. Such actions may have resulted in losses other than the potential shortfall in Client Assets as a result of the costs of the special administration.

As mentioned in paragraph 1.2 above, the Portal can only be used for the submission of claims to the ownership of Client Assets and cannot, therefore, be used to submit claims against the Company for negligence, mismanagement or breach of contract.

If you feel that you have a negligence, mismanagement or breach of contract claim against the Company, please write to the JSAs at Reyker Securities plc (in special administration), c/o Smith & Williamson Limited, 25 Moorgate, London, EC2R 6AY to lodge a claim. A 'creditor claim' form can be used for this purpose and is available at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyster-securities-plc/>

In certain circumstances, it may be possible to claim compensation in respect of negligence, mismanagement or breach of contract claims from the FSCS, subject to their eligibility criteria and the cap of £85,000 per person for all claims. Further detail can be found at www.fscs.org.uk.

3. CLIENT STATEMENTS

3.1 Why is my statement prepared as at 8 October 2019?

The Regulations and Rules confirm that Clients must agree and submit a claim to the Client Assets that should have been held for them on 8 October 2019, being the date of the JSAs' appointment.

The Portal will enable you to view your Client statement(s) confirming your holdings of Custody Assets and/or Client Money as at 8 October 2019 according to the records of the Company which have been adjusted, where required, to reflect any discrepancies identified by the JSAs' reconciliation.

3.2 Why does my Client Money statement not include dividends and bond coupons received after the Company's entry into special administration?

As the statements on the Portal are prepared as at 8 October 2019, they do not include dividend and bond coupons received after this date or the proceeds of any investments which have matured or been redeemed. These are continuing to be received and banked separately by the JSAs and held in designated "post-pooling" bank accounts for Clients. Clients' records are being updated to reflect these receipts and it is presently envisaged these will be transferred to the proposed purchaser in due course.

3.3 Why doesn't my statement contain Custody Asset valuations?

The statement(s) do not include Custody Asset valuations. This is because the purpose of the Bar Date is to agree the quantum of Client Assets held (i.e. the number of units of each stock) for each Client and not their respective value. Further, the value of some Custody Assets fluctuates on a daily basis whilst others are illiquid and have no readily available market value meaning that the value of any Custody Assets holding is also likely to change on a daily basis.

3.4 Why does my statement include investments that have now been sold, matured or kicked out and what has happened to the subsequent cash received?

Any investments that may have matured or been redeemed / sold following 8 October 2019 will still appear on your statement(s) within the Portal because it is a snapshot of your holdings as at 8 October 2019. It is your holdings as at this date that we are asking you to agree via the Portal.

Notwithstanding this, where any investments have matured or been redeemed / sold following 8 October 2019, the proceeds are treated as per section 3.2 above and this will have been reflected in the Company's records. Accordingly, your adjusted Client Money and Custody Asset balance will be reflected in the records passed to the proposed purchaser upon the transfer of Client Assets.

3.5 What do I do if I wish to dispute my statement?

Should you not agree with, or would like to query, any of the information within your statement, please contact either your provider (e.g. Deepbridge or Puma Investments) or Client Services on **0800 048 9512** or, alternatively, clientservices@reyker.com in the first instance.

Clients that cannot ultimately agree their holdings and claim, even after having contacted Client Services, must confirm this to the JSAs by writing to Reyker Securities plc (in special administration), c/o Smith & Williamson Limited, 25 Moorgate, London, EC2R 6AY, and providing details of what they consider their claim to be (complete with any supporting documentation) as soon as possible and no later than 17.00 hours (GMT) on 7 April 2020.

3.6 If I dispute my statement, why can't I upload evidence directly to the Portal?

For security reasons, and owing to the risk of data corruption (for example by viruses contained within uploaded documents), any evidence you wish to provide in support of your claim must be sent to Client Services at clientservices@reyker.com.

3.7 Will there be any shortfalls of Client Assets?

The JSAs have conducted reconciliations of Client Money and Custody Assets against the Company's books and records in accordance with their duties. Although the JSAs have not identified any material shortfalls in either the Client Money Pool or the Client Assets at this time (other than those that are due to be created from the deduction of costs relating to the special administration for Clients that are not eligible for FSCS compensation), it is possible (although considered by the JSAs, on the information they have, unlikely) that the process of Clients submitting claims via the Portal could lead to shortfalls being identified in the future. The JSAs will be able to provide further updates to Clients regarding shortfalls (if any are identified) once the Bar Date has passed.

3.8 Why does my statement on the Portal differ from the previous statement provided by the JSAs?

For a majority of Clients, the statements issued with our letter dated 22 November 2019 for the purpose of voting at the initial meeting of Clients and Creditors will be the same as the statement(s) now uploaded to the Portal.

For a small number of Clients, however, the statement(s) now uploaded to the Portal may differ slightly to those issued in November 2019 as a result of minor discrepancies identified as part of the JSAs' reconciliation which was completed following the previous statements being issued. The latest statement(s) reflect any required adjustments.

3.9 Have post-appointment corporate actions been reflected in my statement?

No. The statements on the Portal reflect the Company's records and your holdings as at 8 October 2019, being the date of the JSAs' appointment.

Mandatory corporate actions (i.e. those not requiring a decision or action to be taken by a Client) relating to the Custody Assets held in your account will continue to be actioned as a matter of course and any resulting income segregated from the Client Money Pool and reflected in the Company's records accordingly. See also paragraphs 3.2 and 3.4 above.

Non-mandatory corporate actions (i.e. corporate actions which require some form of decision or action by a Client) are unable to be executed unless a formal request is made to the JSAs. A formal

policy has been developed for this purpose which is available to view at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc>.

To commence the process, the 'Corporate Action Request Form' needs to be completed and returned to caelections@reyker.com. The JSAs will review the request and consider the associated time and costs to implement the proposed action. The action may then be undertaken, subject to the JSAs receiving professional advice and the receipt of a transaction fee, payable by the requesting Client. The transaction fee payable will vary on a case by case basis depending on the extent of resource required to review and implement it.

4. TRANSFER OF ASSETS

4.1 *Where are my assets being transferred to?*

As we have explained in our proposals and recent updates (available at <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>), our preferred strategy is to transfer all Client Assets to a single regulated broker by way of a wholesale transfer as this is the most cost-effective and expeditious way of releasing Client Assets.

The JSAs accepted an offer for the business and assets of the Company (subject to contract) in late January and it is proposed that all the Client Assets will be transferred to the proposed purchaser in order to achieve the preferred strategy.

4.2 *How long will it be before my Client Assets are transferred and accessible?*

As we have explained in our proposals, the JSAs will need to prepare a Distribution Plan to facilitate the return of Custody Assets. The Distribution Plan must be approved by the Clients' and Creditors' committee and the court before Custody Assets can be transferred to the proposed purchaser. We will be preparing the Distribution Plan following an exchange of contracts with the proposed purchaser and in parallel to the Bar Date claims process.

The Regulations and the Rules state that the transfer of Custody Assets **may not take place sooner than three months from the Bar Date**. This means any transfer of Client Assets cannot be implemented sooner than 7 July 2020.

The Regulations and the Rules provide for a very similar Bar Date process for Client Money and, although a Distribution Plan is not required for the return of Client Money, we are running a parallel process for the distribution and return of Client Money for reasons of efficiency and minimising costs.

For more information on next steps, see paragraph 5.2 below.

4.3 *Why are the costs in respect of Objective 1 (i.e. the transfer and return of Client Assets) recovered from Client Assets?*

As previously reported, the costs of pursuing Objective 1 of the special administration (i.e. the return of Client Assets) are to be paid from Client Assets in accordance with Rule 135 of the Rules and Paragraph 99(3) of Schedule B1 of the Insolvency Act 1986 (as amended by the Regulations).

Clients not eligible for or choosing not to claim FSCS compensation may, therefore, receive a shortfall in the Client Assets to which they lay claim through the Portal following the deduction of their share of these costs.

We have been liaising closely with the FSCS in order to streamline the process by which eligible Clients may receive compensation in order to mitigate the need for an eligible Client to submit a claim direct to the FSCS themselves and, where possible, to ensure Client Assets are transferred to the proposed purchaser whole. See section 5 below for further details.

4.4 *Can I nominate my own regulated broker and transfer my Client Assets to it outside of the formal bar date and distribution plan process?*

No. Should Client Assets be transferred to more than one broker, the legal process and the consents required by the JSAs become more complex, which would cause delay and increase costs. This is why

the JSAs are pursuing the wholesale transfer to the proposed purchaser and, at this time, are unable to consider the requests of Clients for their Client Assets to be transferred to their own preferred choice of broker. This would not be in the best interests of all Clients and Creditors.

Furthermore, if Client Assets were transferred to an alternative broker now and outside of the formal Bar Date and Distribution Plan process, Clients would be potentially at risk of claims from other Clients or third parties who may argue that the Company's records were not correct. This also brings risk and uncertainty to the JSAs and the receiving broker. The Bar Date process ensures that Clients do receive good title to Client Assets.

5. FSCS

5.1 What is the FSCS?

The FSCS is the compensation fund for retail customers of authorised financial services firms (such as the Company). 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 may pay up to £85,000 in compensation per person.

Please refer to the FSCS website for more information at www.fscs.org.uk.

Further information on eligibility criteria may be found at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>

5.2 How will FSCS compensation work in this case?

As previously reported, the costs of pursuing Objective 1 of the special administration (i.e. the return of Client Assets) are paid from Client Assets in accordance with the Regulations and Rules.

Clients not eligible for or choosing not to claim FSCS compensation may, therefore, receive a shortfall in their Client Assets following the deduction of their share of these costs.

As noted in paragraph 4.3, we have been liaising closely with the FSCS in order to streamline the process by which eligible Clients may receive compensation in order to mitigate the need for an eligible Client to submit a claim direct to the FSCS themselves and, where possible, to ensure Client Assets remain intact and are transferred to the proposed purchaser whole.

5.3 Do I need to make a claim for FSCS compensation?

With a view to streamlining the process for eligible Clients to receive FSCS compensation, the FSCS has confirmed that it has exercised its power under [COMP 3.2.1A](https://www.handbook.fca.org.uk/handbook/COMP/3/2.html) of the FCA Handbook (<https://www.handbook.fca.org.uk/handbook/COMP/3/2.html>) and will treat all Clients with Client Assets with a total value of less than £85,000 as at 8 October 2019 as if they have claimed compensation. This means:

- All **Clients with Client Assets totalling less than £85,000** (as at 8 October 2019) will automatically be treated as having submitted a claim for compensation from the FSCS and you do not need to take any further action in this regard. The JSAs are in the process of reviewing each Client's eligibility jointly with the FSCS.
- **Clients with Client Assets totalling equal to or greater than £85,000** (as at 8 October 2019) will not be treated as having automatically claimed compensation from the FSCS. Such Clients are asked as part of the online claims process to confirm whether they wish to submit a claim for FSCS compensation or not.

The Portal automatically determines which of the above categories you are deemed to fall into as part of the 'Declaration' and claim submission process and you will only see options that are relevant to you.

The FSCS can pay up to £85,000 per eligible Client for claims in respect of the Company, including those in respect of their share of the Objective 1 costs. Further information on eligibility criteria may be found at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>

Any eligible Client with Client Assets with a total value equal to or greater than £85,000, who does not pursue FSCS compensation via the Portal may have to meet their share of the Objective 1 costs upon

the transfer of the Client Assets to the purchaser and the JSAs may reserve sufficient Custody Assets or Client Money to cover those costs.

Where Clients are either deemed to have claimed or, alternatively, select to claim compensation from the FSCS and it is subsequently determined that they are not eligible in accordance with the FSCS' eligibility criteria, the JSAs will write to all such Clients to confirm the options available.

Please note, this process is only in respect of claims arising from the shortfall of Client Assets. If you feel that you may have an additional claim for losses arising as a result of the Company's actions and / or the special administration, please refer to paragraph 2.12 above.

5.4 Am I eligible for FSCS compensation?

We currently expect the vast majority of Clients to be eligible for FSCS compensation and that they will be compensated in full. This means that, as a result of the close interaction between the FSCS and the JSAs, the majority of Client Assets will remain intact and transfer to the proposed purchaser whole.

However, it may be that a very small number of Clients may receive a shortfall in their Client Assets as a result of the costs of the special administration, either because they are ineligible for FSCS compensation or because, owing to the value or amount of their Client Assets, the costs of transferring their Client Assets will exceed the cap on FSCS compensation of £85,000 per eligible Client.

Please note, the level of the costs of the special administration and methodology for allocating those costs cannot be finalised until the structure of the transfer of Client Assets has been agreed. Clients should, however, be assured that those costs (and the terms of the Distribution Plan) will be made available and will be subject to review and approval by the Creditors' Committee and the court in due course.

The FSCS have provided some illustrative examples of the allocation of costs on similar cases, which is available at <https://www.fscs.org.uk/failed-firms/svs/>.

Further information on FSCS eligibility criteria may be found at <https://www.fscs.org.uk/how-we-work/eligibility-rules/>.

5.5 What further information will the FSCS require from me?

At this stage, the FSCS do not require any further information from Clients.

We understand the Company's records include most of the information the FSCS will require to determine Client eligibility for compensation. We are continuously liaising with the FSCS and we will contact Clients by post should additional information be required or, alternatively, where Clients are subsequently deemed to not be eligible for FSCS compensation. In this context it is important that you do update any errors in the personal details that are recorded for you on the Portal as outlined in paragraph 2.8 above.

5.6 What happens if I have total Client Assets equal to or greater than £85,000 but do not apply for FSCS compensation via the Portal?

Any eligible Client with Client Assets with a total value equal to or greater than £85,000, who does not pursue FSCS compensation via the Portal may have to meet their share of the Objective 1 costs upon the transfer of the Client Assets to the purchaser and the JSAs may reserve sufficient Custody Assets or Client Money to cover those costs.

5.7 What happens if I am either deemed to have claimed for FSCS compensation or, alternatively, make a claim via the Portal and it is subsequently determined that I am not eligible for compensation?

The JSAs will be working jointly with the FSCS to assess the eligibility of all Clients with Client Assets less than £85,000 and any Client with Client Assets equal to or greater than £85,000 who submits a claim for FSCS compensation via the Portal.

Where it is subsequently determined that such Clients are not eligible in accordance with the FSCS'

eligibility criteria, the JSAs will write to all such Clients to confirm the options available for covering their share of the costs.

6. NEXT STEPS

6.1 What do I need to do now?

You are required to take action by the Bar Date, being **17.00 hours on 7 April 2020**.

You must log on to the Portal using the unique password we have sent to you in the post and complete the simple four-step process set out below to submit your claim to Client Assets held by the Company on your behalf as at 8 October 2019:

1. review your Client details;
2. review your Client statement(s) which confirm your Client Assets held by the Company as at 8 October 2019 (please note, we are asking you to confirm the position of your holdings as at 8 October 2019 in accordance with the Regulations);
3. Finalise your submission by completing the Declaration;
4. Press 'confirm' to submit your claim.

The Portal will confirm your claim has been successfully submitted.

If you have not received a letter confirming your unique password, please contact Client Services as a matter of urgency on **0800 048 9512** or, alternatively, by email at clientservices@reyker.com

6.2 What happens next?

In parallel to the claims process, the JSAs will be:

- Working with the proposed purchaser to agree all terms pertaining to the sale of the business and transfer of Client Assets and an exchange of contracts;
- Liaising with Clients who dispute or have queries in relation to their statement(s) in order to agree those claims;
- Writing to all Clients who are either deemed to have or elected to claim compensation from the FSCS and who are subsequently determined to not be eligible with regard to the options available for covering their share of the costs of the special administration; and
- Meeting with the Clients' and Creditors' Committee on a monthly basis.

Once the Bar Date has passed, the JSAs will be preparing the Distribution Plan in conjunction with their solicitors and seeking the requisite approvals from the Creditors' Committee and the court.

Further details and communications will be made available to clients on the dedicated website, <https://smithandwilliamson.com/en/services/restructuring-and-recovery-services/reyker-securities-plc/>, which is updated on a regular basis.