

## **FREQUENTLY ASKED QUESTIONS**

### **Strand Capital Limited (in Special Administration)** **(“Strand” or “the Company”)**

*Adam Henry Stephens and Henry Anthony Shidders both of Smith & Williamson LLP  
and Virgil Harsham Levy of LA Business Recovery Limited  
were appointed Joint Special Administrators of Strand Capital  
Limited - in Special Administration on 17 May 2017*

#### **IMPORTANT NOTICE**

The frequently asked questions (“FAQs”) list has been prepared with the current information available to the Joint Special Administrators as regard to Strand’s precise circumstances.

The Joint Special Administrators reserve the right to amend the FAQs as further information becomes available.

**THIS DOCUMENT DOES NOT CONSTITUTE LEGAL, TAX, FINANCIAL OR OTHER PROFESSIONAL ADVICE TO CLIENTS OF STRAND. CLIENTS SHOULD TAKE ADVICE FROM THEIR OWN PROFESSIONAL ADVISERS BEFORE TAKING ANY ACTION IN CONNECTION WITH THEIR INVESTMENTS.**

The affairs, business and property of the Company are being managed by the special administrators Adam Henry Stephens, Henry Anthony Shidders of Smith & Williamson LLP and Virgil Harsham Levy of LA Business Recovery Limited who act as agents of the Company and without personal liability. Adam Henry Stephens and Henry Anthony Shidders are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Virgil Harsham Levy is licensed as insolvency practitioner in the UK by the Insolvency Practitioners Association.

Strand Capital Limited was authorised and regulated by the Financial Conduct Authority, reference number: 494001. Registered in England, Company number: 03747386.

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

#### **Smith & Williamson LLP**

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

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## 1. GENERAL INFORMATION ABOUT STRAND AND THE SPECIAL ADMINISTRATION

### Q. What is a Special Administration?

- A. The Investment Bank Special Administration Regulations 2011 subsequently amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017 (“Special Administration Regulations”) were introduced in an attempt to improve the process where an investment bank fails. An investment bank for these purposes is a firm which holds [Client Assets](#) ([Client Monies](#) and [Custody Assets](#)) and holds certain permissions from the [FCA](#). [Strand](#) is covered by the Special Administration Regulations.

In many respects a [Special Administration](#) is very similar to an ordinary administration. As such, it is subject to the supervision of the English High Court in London. However, some of the differences are set out below:

The [JSAs](#) have to pursue three objectives (although the order in which they appear is not important):

- To ensure the return of Client Assets as soon as is reasonably practicable;
- To engage with market bodies and regulators both here and abroad in a timely fashion; and
- To rescue the investment bank as a going concern or to wind it up in the best interests of the creditors.

As in an ordinary administration if sufficient realisations are made in respect of the Company’s assets (as opposed to Clients’ Assets) to enable dividends to be paid to creditors, the special administrators would expect to pay dividends to unsecured creditors who submit proofs of claim by the last date for proving.

At this stage the JSAs do not believe there will be sufficient firm assets realised to enable a dividend to be paid to unsecured creditors.

Any Client Monies held by Strand at the date of the Special Administration forms a single Client Monies Pool or [CMP](#) in accordance with the FCA’s client money rules. The JSAs are continuing to work to crystallise the Client Monies held in the CMP but have taken formal steps to establish the claims that [Clients](#) have against the CMP to enable the distribution of the funds in the CMP to Clients.

Prior to applying to place the Company into Special Administration, the director of the Company took initial advice and concluded that a sale of business or transfer of Clients would not be possible. Accordingly, and as a result of the Company entering into Special Administration, a primary pooling event of Client Monies occurred. The JSAs have been working to reconcile and resolve Clients’ entitlements.

By law, the costs and expenses of distributing Client Assets (which include the Custody assets and Client Monies in any CMP) are to be paid out of relevant Client Assets. Other costs and expenses are paid out of the Company’s firm assets.

## Q. What happened at the meeting of creditors in July 2017?

- A. A meeting of creditors and [Clients](#) was held on Friday 21 July 2017. At this meeting, the creditors and Clients of the Company present in person and by proxy, approved the [JSAs' Proposals \(as set out in the document\)](#) and voted to establish a creditors committee.

The [Committee](#) was established to assist the JSAs to fulfill their functions, further details of which can be found below.

## Q. What does the Committee do?

- A. The first formal meeting of the [Committee](#) was held on 6 September 2017, and at this meeting they approved how the [JSAs](#) are remunerated. The JSAs' remuneration was approved in line with the relevant resolutions initially included in the [JSAs' Proposals](#).

Since that date, the Committee have met and been consulted on a number of occasions. Their principal role is to oversee the actions and conduct of the JSAs and provide input on behalf of the creditors and [Clients](#) on a variety of issues arising in the [Special Administration](#).

On 13 February 2019 the Committee met to approve the Distribution Plan, which is the document that sets out the terms on which [Custody Assets](#) are returned to clients. This Distribution Plan was subsequently approved by the Committee on 28 February 2019.

## Q. Who sits on the Committee?

- A. The three members of the [Committee](#) are:
- i. Financial Services Compensation Scheme ([FSCS](#));
  - ii. Intelligent Money; and
  - iii. James Hay Pension Trustees Limited

## Q. Who is regulating the current activities being performed by the JSAs?

- A. The [JSAs](#) are performing their duties in line with the Special Administration Regulations (and associated rules) and the [FCA's](#) rules. In addition, the JSAs are in regular communication with the FCA on the progress and strategy of the [Special Administration](#).

As noted above, the actions and conduct of the JSAs are also overseen by the [Committee](#).

## Q. Which business does the Special Administration cover?

- A. Strand Capital Limited has been placed into [Special Administration](#).

No other companies are covered by the Special Administration order and the [JSAs](#) are not able to advise on matters other than those pertaining to Strand. Please note that the Special Administration order was not made in respect of any subsidiaries or nominee companies of Strand.

Clients/creditors of any other businesses should speak to their usual contact.

## Q. What did Strand do?

- A. The Company was authorised and regulated by the [FCA](#) and is entered in the FCA's Register under 494001.

The Company was also authorised by HMRC to offer [ISAs](#) under ISA manager reference Z1880.

The Company was primarily involved in managing investments on a discretionary basis, as well as arranging transactions on instructions from [IFAs](#), [SIPP](#) providers and pension funds.

## Q. Does Strand have a Client Monies and/or Custody Assets deficit?

- A. Based on current information and data the [JSAs](#) do not believe there is a shortfall in respect of [Client Assets](#).

Whilst the JSAs were aware of an initial shortfall on [Client Monies](#), they consider this is likely to be offset following the netting off of outstanding management fees which the JSAs are required to complete under the [FCA's](#) client money rules.

There are two further issues, however, that will result in a Client Monies shortfall in the CMP.

Firstly, prior to the JSAs distributing the Client Monies held by them they are entitled to deduct from the Client Monies the costs of the [Special Administration](#) that have been incurred in relation to distributing the Client Monies. This deduction will then create a shortfall to [Clients](#). However, if a Client has an eligible claim with the [FSCS](#), they may receive compensation for this shortfall up to the maximum compensation payable of £50,000.

Secondly, a sum of £493,024 is owed to Clients in respect of [OWG](#) bonds for the period up to 31 December 2016.

The JSAs believe this balance to be outstanding from OWG, who issued the bonds, and therefore the JSAs consider this does not impact on the [CMP](#) or lead to an increase in the Client Monies shortfall.

OWG claims, however, that Strand agreed to settle this outstanding balance directly.

The parties continue to correspond in relation to this dispute but if the OWG position is held to be correct, this will lead to an increase in the shortfall on Strand's Client Monies of £493,024. As noted above, where Client's suffer from an increased shortfall as a result, they should be in a position to claim compensation from the FSCS, provided they meet the relevant criteria and are within the threshold.

**Q. What is the difference between Client Monies and Custody Assets?**

A. [Client Monies](#) is the cash held for [Clients](#) within their portfolio with Strand.

[Custody Assets](#) are the individual stocks and shares and other investments that form the rest of a Client's portfolio with Strand.

## 2. INFORMATION ABOUT BAR DATES AND CLIENT STATEMENTS

### Q. What is a Bar Date Notice?

- A. A [Bar Date](#) Notice set out the deadline (i.e. the Bar Date) by which Strand's [Clients](#) were required to notify the [JSAs](#) of the details of their claim over [Client Monies](#) and/or [Custody Assets](#) held by the Company for the benefit of Clients.

The Strand Bar Date was 31 October 2018. All of Strand's Clients were required to either agree or dispute their claim over Client Monies and/or Custody Assets by this date.

The JSAs also asked any third party who asserts a security interest (or other entitlement) over Custody Assets to also notify this by 31 October 2018.

Although the return of Client Monies and Custody Assets are separate processes, Bar Dates can be set on the same day (as is the case here).

Notices of the Bar Dates were advertised (in the London Gazette, The Times and The Times International newspapers) in addition to being issued to all known Clients and any parties that may claim security over Client Monies or Custody Assets. Letters enclosing Statements of Claim were sent to all Clients the JSAs are presently aware had assets or monies invested with Strand and they have contact details for.

### Q. What are the Bar Dates?

- A. The [Bar Dates](#) were both established as midnight on 31<sup>st</sup> October 2018.

### Q. What are Statements of Claim?

- A. On 19 September 2018 the [JSAs](#) sent "Statements of Claim" to all [Clients](#) who the JSAs were aware had [Client Assets](#) invested with Strand and for whom they had contact details.

The Statement set out separately the [Custody Assets](#) and [Client Monies](#) that the JSAs understood were, or should have been, held by Strand for Clients at the date of the [Special Administration](#), based on Strand's books and records.

Where an individual has invested in Strand via a [SIPP](#) or through a pension scheme, the JSAs sent these Statements of Claim to the SIPP providers or the pension scheme trustees as legally they are considered to be Strand's client.

Since appointment the JSAs have sought to reconcile the accounts and records of Strand to determine exactly what Client Monies and Custody Assets should be held for each separate Client.

## Q. Why did I not receive notice of the Bar Date / Statement of Claim?

A. This could be due to one of a number of reasons:

- If [Clients](#) hold [Client Monies](#) and/or [Custody Assets](#) with Strand via a [SIPP](#) then the [Bar Date](#) Notices and your [Statement of Claim](#) was sent to your SIPP provider;
- If Clients hold Client Monies and/or Custody Assets with Strand via a pension scheme the Bar Date Notices and your Statement of Claim was sent to your pension scheme trustee; or
- The [JSAs](#) do not hold records for you / and or your Client Monies and Custody Asset holdings

If your investments are not held by way of a SIPP or pension scheme and you did not receive the Bar Date Notice and/or Statement of Claim, please contact the Special Administration team on 020 7131 4452.

### 3. RETURNING CUSTODY ASSETS AND CLIENT MONIES

#### Q. When will Client Monies be returned?

- A. The JSAs are paying a first interim distribution of 65 pence in the pound on all Client Monies claim balances in March 2019.

You should note that if you have received compensation from the [FSCS](#) prior to the first interim distribution of Client Monies by the JSAs, your share of the interim distribution will be paid to the FSCS.

All clients entitled to compensation from the FSCS will now have received their Client Monies claim balance in full from the FSCS if their claim balance is less than £50,000.

For clients with a Client Monies claim balance exceeding £50,000, the FSCS will arrange for the additional monies to be paid to you.

Once the [JSAs](#) have finalised the reconciliation of the [CMP](#) there will be a further distribution of Client Monies, although at present it is not possible to predict when this will be paid or how much will be paid.

Further, you should also note that the process for returning Client Monies is separate from the process to return [Custody Assets](#).

#### Q. When will Custody Assets be returned?

- A. Once the [Distribution Plan](#) has been approved by the Court the [JSAs](#) will commence the return of Custody Assets to clients.

The hearing for the Distribution Plan application by the Court has been listed for 2 April 2019.

Prior to distributing Custody Assets to clients, the JSAs require all Strand's clients who have a Custody Assets claim to provide them with their instructions for transferring their assets. Clients have been sent a [Claimant Options Form](#), which must be completed and returned to enable the return of Custody Assets.

#### Q. Will I receive back all of my Client Monies?

- A. At present it is not possible to estimate the total distribution of Client Monies that will be returned to [Clients](#), but it is anticipated that Client Monies will be returned in two or three separate tranches.

There are two factors which impact upon the final amount of Client Monies that will be returned to Clients.

First, the JSAs are entitled to deduct the costs of the [Special Administration](#) that have been incurred in relation to returning Client Monies from the [CMP](#). This deduction of the costs will create a shortfall in the Client Monies available in the CMP for distribution to Clients. At present, these costs have not yet been finalised and this is one of the reasons why the interim distribution has been set at the 65% level.

Second, the Client Monies position has not been finalised due to the outstanding dispute regarding the [OWG coupon](#) interest position. In brief, if [OWG's](#) position is held to be correct and Strand, rather than OWG, owe the outstanding December 2016 coupon payment of £493,024, the Client Monies shortfall will be further increased.

Any shortfall in the CMP is shared by all Clients with Client Monies on a pari passu (i.e. proportionate) basis.

Clients should note that the [FSCS](#) provides compensation for a shortfall to Clients up to a total shortfall of £50,000 per eligible customer. However, this limit would apply to the combined total of claims for compensation made by a Client to the FSCS in respect of Strand.

It is possible that the claims of a few Clients may exceed the level of compensation paid by the FSCS and in such cases these losses will form part of an unsecured claim against Strand. However, it is unlikely there will be any distributions paid in respect of unsecured claims.

Further updates on future returns of Client Monies will be provided as and when possible.

## Q. Will I receive back all of my Custody Assets?

- A. The [JSAs](#) do not believe there is a shortfall of Custody Assets based on Strand's records, and almost all of Strand's clients will have their Custody Assets returned in full. This is because most of Strand's clients are [FSCS Protected Claimants](#), and the FSCS will pay their [Share of Costs](#) in relation to the Custody Assets, meaning that client Custody Assets will be returned in full.

There are a small number of Strand's clients who are not FSCS Protected Claimants. The Administrators will discuss the options with these clients for how they wish to settle their Share of Costs. In this instance you may not receive your Custody Assets back in full as you may choose for certain Custody Assets to be sold to meet this liability. If these clients settle their costs in another way, then these clients should receive their Custody Assets back in full.

## Q. What is the current value of my Custody Assets?

- A. As you will be aware, the value of your Custody Asset investments can go down as well as up and you may get back less than you originally invested or less than the value stated as at the date of Special Administration.

Please note that the JSAs are unable to confirm the current authorised value of your Custody Asset investments. For clarity on this, you should seek independent advice from your Financial Adviser, who may find it beneficial to refer to the respective “ISIN” references which are attributed to each asset class, within the table below:

Asset Name	ISIN
5alpha Adventurous UCITS	IE00BYX95950
5alpha Conservative UCITS	IE00BYX95K61
BlackRock Gbl PrpSecEqTrk D Inc	GB00B848DD97
BlackRock GF IEmMkLCBd D3RFH £	LU0995345831
BlackRock Idx LnkD Gilt Trckr D Acc	GB00B83RVT96
BlackRock NthAmrcn EqTrkr D Acc	GB00B7QK1Y37
BlackRock NURS II Global Equity D	GB00B8BTNJ16
Blueprint Industrial Engineering PLC	GB00BVYY5H66
Cherry Homes (Class A)	GB00BYQ65R15
Cherry Homes (Class B)	GB00BYQ66013
Elaine Securities PLC	GB00BWCH5D02
Euler	GB00BYP4YT17
Fidelity I Stg Cr + Bd Gr	GB00B19CHJ19
Invesco Perp Corporate Bd NT Gr Acc	GB00B8N46Z18
Investec Short Dtd Bd I Gr Acc GBP	GB00B94GN522
Kames Abslut Rtrn Bd C Acc GBP	IE00B6SLQ646
Lazard Emerging Markets S Acc	GB00B8QHFR21
M&G Short Dated Corp Bd I GBP	GB00B8JXBQ82
Minerva Lending	XS1481211412
Optima Worldwide Group PLC 8.0% (Series A)	GB00BCLYDR27
Optima Worldwide Group PLC 8.0% (Series C)	GB00BNY8CJ32
Optima Worldwide Group PLC 8.0% (Series D)	GB00BY7S2204
The Meredith Property Group PLC	GB00BY4K3J36
Vanguard Gbl Bd Index Hdg A £	IE00B50W2R13
Vanguard UK ST Inv Grd Bd Idx A£	IE00B9M1BB17
Vernon Property PLC	GB00BWCH5G33
Menasat Gulf Group Plc	Unlisted

For the avoidance of doubt, the JSAs cannot be held responsible for diminution in the value of your asset holdings.

## Q. Will I receive anything if I have received compensation from the FSCS?

- A. If you have received compensation from the [FSCS](#) you will not be eligible to receive a distribution of your [Client Monies](#) balance directly from Strand. This is because when you accepted compensation from the FSCS you transferred your legal rights against Strand to the FSCS, as did any [SIPP](#) Provider or Pension Scheme you invested through.

We are aware of a number of [Clients](#) with Client Monies balances in excess of £50,000 (the FSCS compensation limit). In such cases, the FSCS is required to pass on any recoveries it receives in excess of the compensation it has paid out, so that claimants are not in any worse position as a result of having first accepted FSCS compensation.

It is anticipated that, in most instances, Client's [Custody Assets](#) will be returned in their entirety as the FSCS will also pay compensation, up to the eligible limit, to fund the shortfall created once the costs of the [Special Administration](#) have been allocated to your Custody Assets balance ([Share of Costs](#)).

However, there may be some instances, for example if a Client is not eligible to receive compensation from the FSCS, where you may direct that part of your Custody Assets are sold to pay the shortfall arising once costs of returning Custody Assets has been apportioned to each Client.

This is outlined in much greater detail in the [Distribution Plan](#) and the [Explanatory Statement](#). You can find copies of both documents on our website [www.smithandwilliamson.com/strand-capital-limited](http://www.smithandwilliamson.com/strand-capital-limited).

## Q. Where will my Custody Assets be sent?

- A. The majority of the [Clients](#) of Strand were invested as part of:
- i. A [SIPP](#); or
  - ii. A Pension Scheme

If you are invested via a SIPP or Pension Scheme, your SIPP provider or Pension Scheme Trustees will provide details of where your [Custody Assets](#) and [Client Monies](#) should be sent.

If you hold investments with Strand on your own account, or under the guidance of an [IFA](#), we are seeking your instructions for the return of your Custody Assets. A [Claimant Options Form](#) has been sent to you, which you should complete and return as quickly as possible.

The Claimant Options Forms seeks your instructions for which custodian should receive your electronically held Custody Assets, where your physically held Custody Assets should be sent and where any post administration corporate actions receipts (ie interest or dividends paid on Custody Assets) should be paid.

The [JSAs](#) recommend that Clients take advice from their own professional advisers before completing and returning their Claimant Options Form. However, if clients do not already have a custodian to receive their electronically held Custody Assets they may contact the JSAs who may be able to provide details of custodians used by other clients.

**Q. Can my Custody Assets and Client Monies be distributed elsewhere, and/or to a different type of investment?**

- A. Before changing your investment type (i.e. [ISA](#) or [SIPP](#)) that you held with Strand, the [JSAs](#) would recommend you take advice from an [IFA](#).

## 4. THE DISTRIBUTION PLAN

### Q. What is a Distribution Plan and why is it needed?

- A. In order to distribute [Custody Assets](#) back to [Clients](#) the [JSAs](#) have prepared a detailed document outlining the plan for the distribution (the “[Distribution Plan](#)”).

This plan has been approved by the [Committee](#), and a Court hearing date of 2 April 2019 has been set, at which the Court will consider the Distribution Plan and, if acceptable, will approve it.

The Distribution Plan sets out in detail how the JSAs intend to return Custody Assets. The JSAs have also produced an [Explanatory Statement](#), which provides a more accessible explanation of the Distribution Plan.

Both of these documents can be found at [www.smithandwilliamson.com/strand-capital-limited](http://www.smithandwilliamson.com/strand-capital-limited). The JSAs would urge all clients to review the Distribution Plan and the Explanatory Statement if they would like further information about this process.

## 5. SPECIFIC QUERIES IF YOU HELD INVESTMENTS WITH STRAND VIA A SIPP PROVIDER OR PENSION SCHEME

The below has been drafted on the basis that your [SIPP](#) provider or Pension Scheme used Strand's services.

The majority of Strand's [Clients](#) had investments maintained by Strand on the instruction of either a SIPP provider or Pension Scheme.

If your investment in Strand was held by your SIPP provider or pension fund then your [Statement of Claim](#) was sent to them (as legally they are regarded as Strand's Client).

The JSAs will also send your SIPP provider or Pension Scheme Trustee a [Claimant Options Form](#) so they are able to specify where your Custody Assets should be transferred.

Clients invested via a SIPP provider or Pension Scheme have already received compensation from the FSCS in respect of Client Monies claim balance. As outlined in [section 3](#), when the JSAs pay an interim distribution of Client Monies this will be paid to the FSCS. This is because when you accepted compensation from the FSCS you transferred your legal rights against Strand to the FSCS, as did any SIPP Provider or Pension Scheme you invested through.

If your Client Monies claim is greater than £50,000 please refer to the question "[Will I receive back all of my Client Monies?](#)".

## 6. SPECIFIC QUERIES IF YOU HELD INVESTMENTS WITH STRAND DIRECTLY ON YOUR OWN BEHALF, OR ON THE INSTRUCTION OF AN INDEPENDENT FINANCIAL ADVISOR

Please note that the [JSAs](#) believe that the majority of the Strand investments involved [SIPP](#) providers or a Pension Scheme. However, there are a number of individuals who held investments with Strand on their own account or on the instruction of their [IFA](#).

The JSAs passed the details of all individual clients with a Client Monies claim to the FSCS in order that they may be considered for compensation. If you have received compensation from the [FSCS](#) you will not be eligible to receive a distribution of your [Client Monies](#) balance directly from Strand. This is because when you accepted compensation from the FSCS you transferred your legal rights against Strand in respect of Client Monies to the FSCS. It is therefore anticipated the first interim distribution of Client Monies will be paid largely to the FSCS. Should you be eligible for FSCS Compensation and/or have a Client Monies balance greater than £50,000 the FSCS may be required to pass on further balance to you following payment of the interim distribution in accordance with their compensation rules.

The JSAs have also sent you a [Claimant Options Form](#) to obtain your instructions for where your [Custody Assets](#) should be sent once Court approval of the Distribution Plan has been received. Please refer to the question "[Where will my Custody Assets be sent?](#)" for further guidance.

## 7. CLAIMING FOR COMPENSATION FROM THE FSCS

The [FSCS](#) protects consumers when an authorised firm, such as Strand, fails. The FSCS considers that Strand is in default and that eligible [Clients](#) will have a claim in the FSCS.

FSCS compensation can provide compensation to Clients up to the statutory cap of compensation of £50,000 per individual across all claims.

Clients of Strand may be eligible for compensation from the FSCS to meet some or all of the costs of the [Special Administration](#) that will be apportioned to [Custody Assets](#) and/or [Client Monies](#).

The FSCS will, in accordance with its own rules, pay compensation to cover these costs and any Client Monies shortfall, and this should enable most of Strand's clients to receive all of their Custody Assets and Client Monies, subject to the maximum compensation available of £50,000.

When you accept a compensation payment from the FSCS you transfer your legal rights against Strand to the FSCS, and the FSCS will pursue recoveries against Strand on your behalf. Depending on the circumstances of your case, if the FSCS make any recoveries it may be able to, or be required to, pay an element of these recoveries to you.

If your claim for compensation from the FSCS is rejected, or until you accept compensation from the FSCS, you are free to pursue Strand, or any other third party, yourself and the FSCS will not do so on your behalf.

Further information about the FSCS in relation to Strand can be found at:

[www.fscs.org.uk/what-we-cover/investments/strand-capital-limited](http://www.fscs.org.uk/what-we-cover/investments/strand-capital-limited)

## 8. CONTACT DETAILS

Website: [www.smithandwilliamson.com/strand-capital-limited](http://www.smithandwilliamson.com/strand-capital-limited)

email: [strandcapital@smithandwilliamson.com](mailto:strandcapital@smithandwilliamson.com)

Helpline: +44 (0) 20 7131 4452

Post: Strand Capital Limited (in Special Administration), c/o Smith & Williamson LLP, 25 Moorgate, London EC2R 6AY

## 9. GLOSSARY OF TERMS

Bar Date	This is the last date by which Clients must have lodged their claim for Custody Assets and/or Client Monies in the Strand administration. The Bar Date was 31 October 2018.
Claimant Options Form	<p>A form sent to clients in March 2019 which requires clients to provide their instructions for where their:</p> <ul style="list-style-type: none"> <li>i. electronically held Custody Assets;</li> <li>ii. physically held Custody Assets; and</li> <li>iii. post Administration Corporate Actions receipts</li> </ul> <p>should be sent. These forms must be completed and returned to the JSAs to enable clients to have their Custody Assets returned.</p>
Client	A Client is anyone for whom Strand held investments or Monies at the date of the Special Administration. The Client may be the SIPP provider or pension scheme that managed investments on behalf of a number of underlying individuals.
Client Assets	Client Monies and Custody Assets held by Strand for its Clients.
Client Monies	Client Monies are the cash balance held by Strand pursuant to the FCA's client money rules for Clients. The total Client Monies held at the date of the Special Administration form the CMP.
CMP	The Client Monies Pool is a notional pool comprising the total Client Monies held by Strand in any account at the date of the Special Administration.
Committee	Strand's Committee comprises three creditors/Clients of Strand who oversee the JSAs conduct of the Special Administration on behalf of all creditors and Clients. Also known as the Creditors' Committee.
Custody Assets	Custody Assets are investments held in financial instruments, such as bonds or shares.
Distribution Plan	This is the detailed plan which outlines how Custody Assets will be returned to Clients. The Distribution Plan must be approved by the Committee and the Court. A copy of the Distribution Plan can be found at <a href="http://www.smithandwilliamson.com/strand-capital-limited">www.smithandwilliamson.com/strand-capital-limited</a> .
Explanatory Statement (to the Distribution Plan)	A document drafted to explain the key terms and provisions of the Distribution Plan. A copy of the Explanatory Statement can be found at <a href="http://www.smithandwilliamson.com/strand-capital-limited">www.smithandwilliamson.com/strand-capital-limited</a> .

FCA	Financial Conduct Authority is the regulatory body having oversight of Strand and its business offering financial services.
FSCS	Financial Services Compensation Scheme is the UK's compensation scheme for customers of authorised financial services firms.
FSCS Protected Claimant	<p>Someone who is eligible to receive compensation from the FSCS in relation to their Client Monies and/or Custody Assets held with Strand. The FSCS will pay compensation to a maximum of £50,000.</p> <p>Most of Strand's clients are eligible to receive FSCS compensation and so are FSCS Protected Claimants.</p>
IFA	Independent Financial Advisors are professionals who offer independent advice on financial matters to their clients and can recommend financial products.
ISA	An Individual Savings Account is a class of retail investment arrangements available to residents in the UK. It qualifies for favorable tax status.
JSAs	The Joint Special Administrators were appointed by the Court on 17 May 2017. They are Adam Stephens and Henry Shinnors of Smith & Williamson LLP and Virgil Levy of LA Business Recovery Limited.
JSAs Proposals	Following their appointment, the JSAs issued a report which outlined their Proposals for how the Special Administration of Strand would be conducted. This report is required by the relevant legal framework governing the Special Administration.
OWG	Optima Worldwide Group Plc. OWG is Strand's parent company, and a number of Strand's Clients held investments as bonds issued by OWG.
OWG Coupon	The terms of the bonds issued by OWG were that interest on the principal amount outstanding on the bond was payable at a rate of 8% per annum. The interest is to be paid in arrears every six months (the Coupon payment).
Share of Costs	<p>There are various costs and expenses arising in relation to the Special Administration of Strand which must be paid out of client Custody Assets. These costs do not include the costs and expenses in relation to Client Monies.</p> <p>The Costs have been shared between all of Strand's clients holding Custody Assets, which results in a Share of Costs of £2,250 per client, capped at the maximum value of a client's Custody Assets.</p>

SIPP	Self Invested Pension Plan which enables the holder to choose and manage the investments made. In many instances, individuals held SIPPs in Strand via a SIPP provider.
Special Administration	This is a formal insolvency process governed by The Investment Bank Special Administration Regulations 2011 subsequently amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017 (“Special Administration Regulations”). The Special Administration of Strand commenced on 17 May 2017.
Statement of Claim	Statements of Claim were sent to all of Strand’s Clients on 19 September 2018. The Statement is Strand’s record of all Client Monies and/or Custody Assets held, or that should have been held, by Strand for its Clients on 17 May 2017, i.e. the date of the Special Administration.
Strand or Company	Strand Capital Limited was a company authorised and regulated by the FCA. Strand was primarily involved in managing investments on a discretionary basis, as well as arranging transactions on instructions from IFA’s, SIPPs and Pension Funds.