



# Reyker Securities PLC (in special administration)

Joint special administrators' fifth progress report for the period 8 October 2021 to 7 April 2022 pursuant to Rule 122 of The Investment Bank Special Administration (England and Wales) Rules 2011

5 May 2022



# Contents

1.	Glossary	3
2.	Executive summary	7
3.	The JSAs' Objectives and Proposals	11
4.	Summary of actions during the report period	12
5.	House Assets	24
6.	Investigations	25
7.	JSAs' receipts and payments	25
8.	Estimated outcome for Clients and Creditors	27
9.	Costs of the Special Administration	29
10.	Duration and exit of the Special Administration	33
11.	Privacy and data protection	33
12.	Creditors' rights	33
13.	Next report	34

## Appendices

A.	Statutory information	36
B.	Summary of the JSAs' Proposals	37
C.	JSAs' receipts and payments	38
D.	Expenses incurred by the JSAs	41
E.	JSAs' time costs from 8 October 2021 to 7 April 2022	42
F.	JSAs' total time costs from 8 October 2019 to 7 April 2022	47
G.	Staffing, charging policies and charge out rates	48

# 1. Glossary

Abbreviation	Description
Act	The Insolvency Act 1986.
Authorities	The Bank of England, HMRC and the FCA.
CAI	Corporate Action Income, being income received with respect to Custody Assets held by the Company on behalf of its Clients following the appointment of the JSAs (to include dividends, coupon payments and redemptions).
CASS	The FCA's "Client Assets Sourcebook" rules.
CARS	A Client Assets Return Statement, being a statement prepared by the JSAs to provide Clients with important information regarding the return of their Custody Assets under the Distribution Plan.
Claim Form	The form to be completed and returned to the JSAs by any Creditor or Client who wishes to submit a creditor claim (a copy is available to download at <a href="http://www.ips-docs.com">www.ips-docs.com</a> ).
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.
CMIF	Client Money Instruction Form. The form to be completed and returned to the JSAs by any Client who wishes to submit their preferences for the 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.
Client Statement	The statement of Client Money and Custody Assets that each Client received along with the JSAs' letter dated 22 November 2019 notifying them of the Proposals and the Initial Meeting.
Company / Reyker	Reyker Securities Plc (in special administration).
Corporate Action Assets	Cash or securities received on behalf of Clients following 8 October 2019.
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.

Abbreviation	Description
Creditors' Committee	The committee of Clients and Creditors established to take certain decisions on behalf of the Clients and Creditors as a whole.
CTF	Child Trust Fund.
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.
Directors	The Registered directors of the Company as scheduled at <b>Appendix A</b> .
Distribution	A return of Client Assets pursuant to the Distribution Plan which is not a Transfer (i.e. where the Client Assets are not returned to a Nominated Broker).
Distribution Plan	The distribution plan approved by the court on 16 October 2020 and prepared in accordance with the Regulations and the Rules, to facilitate the return of Custody Assets and / or CAI.
Distribution Selection Date	A date set by the JSAs under the terms of the Distribution Plan by which the JSAs are required to issued specified documents or take certain notification steps, in respect of Clients whose Custody Assets are to be included in a specific Distribution.
FCA	Financial Conduct Authority.
FSCS	Financial Services Compensation Scheme.
FSCS Protected Claimant	A claimant who the FSCS agree is eligible to receive compensation for some, or all, of the costs of the special administration incurred in relation to the claimant.
FSMA	The Financial Services and Markets Act 2000.
Hard Bar Date	A date approved by the Court as being the last date for Clients to submit a claim to their respective Client Assets. After such date, the Client will lose their entitlement to their Client Assets and only have rights to submit an unsecured claim against the Company (for the value of their unclaimed Client Assets).
Hilco	Hilco Appraisal Limited - t/a Hilco Valuation Services.
HMRC	HM Revenue & Customs.
House Accounts	The JSAs' bank accounts dedicated to holding realisations of House Assets.
House Assets	The Company's own assets available for realisation to the administration estate.
IFA	Independent Financial Advisor.
IF ISA	Innovative Finance ISA.
Initial Meeting	The initial meeting of Clients and Creditors held at 11.00am on 16 December 2019.
Investment bank	A company based in England and Wales with permission under FSMA to carry on certain regulated activities which holds Client Assets.
Investment Manager	An organisation that manages investments in funds and other portfolios of Client Custody Assets on behalf of Clients under the terms of an investment management agreement.
JSAs	The Joint Special JSAs, 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 completed by the JSAs.

Abbreviation	Description
LSE	London Stock Exchange.
NatWest	National Westminster Bank plc, being the secured creditor.
Nominated Broker	One of the designated brokers selected by the JSAs who will receive a Transfer of Custody Assets following the approval of the Distribution Plan.
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.
Payment Options Form	The form that is available on the Portal and which a small number of Clients will need to complete where they are required to pay either amounts owed at the date of the special administration of Reyker or their Share of Costs in connection with the return of Custody Assets. The form allows the Client to choose an option of how these costs are to be settled.
PPE	Primary pooling event.
Portal	The online Client Claim Portal, available at <a href="http://www.reykerportal.com">www.reykerportal.com</a>
Post Pooling Accounts	Accounts opened following the appointment of the JSAs' appointment to segregate Corporate Action Income received after 8 October 2019 from the CMP.
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.
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 following and insolvency event (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.
Share of Costs	The share of the costs payable by a Client under the terms of the Distribution Plan in respect of the return of Custody Assets, which under the terms of the Distribution Plan cannot exceed £2,500.
Soft Bar Date	7 April 2020, which is the bar date set by the JSAs for the submission of claims to their Custody Assets or Client Money or both according to regulations 11 and 12A of the Regulations.
Special Administration	The Special Administration of the Company following a court order dated 8 October 2019.

Abbreviation	Description
SIP	Statement of Insolvency Practice (England & Wales).
SIPP	Self-Invested Personal Pension.
S&W	Smith & Williamson LLP
S&WFS	Smith & Williamson Financial Services LLP
Transfer	The Transfer of Custody Assets and / or CAI to one of the Nominated Brokers in accordance with the provisions of the Distribution Plan
Website	The designated webpage used by the JSAs to update Clients and upload key documents, being <a href="https://smithandwilliamson.com/reyker-securities-plc">https://smithandwilliamson.com/reyker-securities-plc</a>

## 2. Executive summary

### 2.1 Introduction

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

The Company is in a specialist insolvency process known as an Investment Bank Special Administration, a process which was introduced in 2011. The detail of this process is set out in the Regulations and the Rules which must also be read together with CASS (together “the Legislation”).

The Legislation is written to ensure that a fair and consistent approach is applied to all Clients in relation to their Client Assets and the return thereof.

This is the JSAs’ fifth progress report, produced in accordance with Rule 122 of the Rules, to provide Clients and Creditors with an update on the progress of the Special Administration for the six-month period from 8 October 2021 to 7 April 2022.

The JSAs’ Proposals were made available to all known Clients and Creditors on 25 November 2019. The Initial Meeting of Clients and Creditors was held on 16 December 2019, at which the Proposals were approved by Clients and Creditors without modification.

You are encouraged to read this progress report in conjunction with the Proposals and the JSAs’ preceding progress reports, copies of which can be found at <https://smithandwilliamson.com/reyker-securities-plc/>.

### 2.2 Statutory information

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

### 2.3 Summary of actions during the report period

During the period of this report, the JSAs have (among other things):

#### Operations

- Maintained critical operations with a view to achieving the Objectives;
- Continued to safeguard and segregate Client Assets in accordance with the Legislation;
- Continued to report to the FCA as to the performance of regulated activities and overall strategy for achieving the Objectives;
- Monitored the cost base of critical operations and reduced costs where possible without compromising the progress of returning Client Assets;

#### Custody Assets and CAI

- Continued to process the Transfer of Custody Assets and CAI to the five Nominated Brokers under the terms of the Distribution Plan, to include liaising with Nominated Brokers, registrars, sub-custodians, fund managers and Investment Managers to action the Transfer of Custody Assets from various locations (including stock held in electronic, paper and statement form);
- Continued to progress the Distribution of Custody Assets and CAI to Clients who either opted-out of their respective Transfer or, alternatively, did not have a Nominated Broker (i.e. CTF, IF ISA and certain overseas clients) and had to designate their own choice of broker;
- Continued to seek Distribution instructions from Clients who opted-out of the Transfer of Custody Assets and CAI to a Nominated Broker but had not, at the time, nominated a new designated broker;
- Undertaken a review of all remaining Custody Assets and classified additional stock as Non-Returnable Client Assets where determined they cannot, at present, be Transferred or otherwise Distributed for any legal or practical reasons;

## Client Money

- Declared and paid a second interim distribution of Client Money to over 7,300 Clients who had both claimed and provided valid Client Money distribution instructions;
- Issued further correspondence to Clients who have not yet claimed and/or provided valid Client Money distribution instructions, to include those that were required to verify their bank account details or make final arrangements for the distribution of Client Money to alternative brokers following the submission of their CMIF;
- Continued to monitor the rate of new claims to Client Money being received and sought legal advice and counsel opinion as to the appropriate timing to apply to Court for a Hard Bar Date and to close the CMP;
- Set up a new project team to revisit and supplement previous efforts to trace Clients with outstanding claims to Client Money, to include visiting the last known address of any Clients with a claim to more than £10,000 and additional google and social media searches;

## Communications

- Liaised with the FCA, FSCS and Official Receiver as regards the overall strategy and timeframe for concluding the Special Administration;
- Maintained lines of communications with Clients, Nominated Brokers, registrars, fund managers and custodians, to include responding to Client queries via the use of the Website, client services email address and client services helpline;
- Continuing working with Clients, Investment Managers and the FSCS to ensure that as many Clients eligible for FSCS compensation as possible were identified and their eligibility confirmed;
- Planned and commenced development for introducing a statement of account to the Portal which would confirm on the date generated by the Client where Client Assets held at the date of the Special Administration had been Transferred or Distributed to and, where relevant, the balance of Client Assets yet to be returned or classified as Non-Returnable.
- Continued to respond to data subject access requests (DSARs);
- Continued to liaise with members of the Creditors' Committee on a regular basis;
- Issued the JSAs' fourth progress report for the period from 8 April 2021 to 7 October 2021;

## Company data and Client records

- Following migration to the cloud-based reykeradmin.com, commenced preparations to decommission the physical servers at the Premises which included working with various IT suppliers to ensure Client and Company data required for the Special Administration is retained and the JSAs' and the Company's statutory obligations regarding the retention of records are met.

## Concluding the administration

- Continued to consult with their legal advisors, the FCA, FSCS and the Official Receiver and members of the Creditors' Committee as regards the overall strategy and timeframe for concluding the Special Administration;

## Objective 2

- Liaised routinely with all relevant market infrastructure and regulatory bodies and Authorities and, in particular, have been in frequent contact with the FCA and the FSCS regarding the overall strategy for Objective 1 and concluding the Special Administration.

## Objective 3

- Progressed the pursuit of Objective 3, to include realising House Assets and ongoing investigations into the affairs of the Company;
- Marketed and accepted an offer for the remaining office furniture and equipment at the Premises;

- Concluded the marketing and sale of the Company's claims against third parties to an AIM listed and market leading litigation house; and
- Provided notice to the Landlord to terminate the lease to the second-floor office with effect from 30 April 2022 and undertook requisite preparations to decommission the on-site server and vacate.

Further detail in respect of work undertaken during the period can be found at section 4 and **Appendix E**.

## 2.4 The return of Custody Assets and CAI

The JSAs have continued to process the Transfers of Custody Assets and CAI to the five Nominated Brokers pursuant to the Distribution Plan approved by the Court on 16 October 2020. At the time of writing, these Transfers are now more than 99% complete (by number of Custody Asset lines per Client subject to a Transfer).

The JSAs also continued the Distribution process for Clients with Custody Assets and/or CAI that either opted out of a Transfer to one of the Nominated Brokers or, alternatively, did not have a Nominated Broker (e.g. Clients with IF ISA and CTF investments or those that reside in the U.S.A. and therefore could not Transfer to James Brearley).

Approximately 83% of Distributions (by number of returnable Custody Asset lines per Client) have now been completed or instructed (including any associated CAI where relevant) and further Distributions continue to be instructed regularly.

CAI (being dividends, coupon payments or mandatory redemptions derived from Custody Assets) continues to be received by the JSAs in respect of Custody Assets that have not yet been Transferred or Distributed and where either a Transfer or Distribution has been instructed but the respective registrar or receiving broker has not yet updated the registered nominee responsible for receiving funds (e.g. from Reyker Nominees Limited to James Brearley Crest Nominees Limited). Such receipts continue to be segregated from cash held within the CMP and, in accordance with the Distribution Plan, periodically swept to the Nominated Brokers or otherwise Distributed to a Client's own choice of broker in parallel with their Custody Assets.

During the report period, approximately £752k of CAI was received and £2.0 million of CAI was returned to Clients across multiple currencies. CAI returned in this period exceeded CAI received as, given the nature of Transfers and Distributions, it has only recently been possible to return some CAI received in prior periods.

Between the Transfer and Distribution processes, the JSAs are now liaising with more than 50 different brokers. Further information is included at section 4 of this report.

**Clients are reminded that, due to the number of receiving brokers, asset classes and stock lines, ranging across electronic, paper and statement-based securities and the differing requirements and response times of the registrars, custodians and fund managers, the completion of Transfers and Distributions will continue to be phased over time and that delays are usually due to challenges with the new brokers accepting Clients or the specific asset.**

## 2.5 Distribution of Client Money

### 2.5.1 Second interim distribution

During the report period, the JSAs declared and paid a second interim distribution of Client Money to over 7,300 Clients who had both claimed and provided valid Client Money distribution instructions.

Given the extent of outstanding claims had delayed the JSAs' ability to close the CMP and pay a final distribution, they decided to retain an appropriate provision of less than 2% of the CMP for unforeseen new or increased claims and declared a second distribution of 13.25 pence in the pound (in addition to the 85% paid as a first interim distribution) for all Clients who are FSCS Protected Claimants.

For the small minority of Clients who are not FSCS Protected Claimants (or yet to be confirmed as such), being less than 1% of Clients, an additional 11% of Client Money was retained as a provision against their potential share of costs for the Client Money Distribution.

This means over 80% of all Clients who had a claim to Client Money have now received 98.25% of their Client Money or, alternatively, 87.25% where the Client is not (or not yet confirmed to be) an FSCS Protected Claimant.

More than £53.6 million of the CMP has now been distributed (being 95% by value of the maximum amount of Client Money that can be distributed at this time and 93% of the total CMP value).

## 2.5.2 Closing the CMP and the final distribution of Client Money

Following legal advice and discussions with the Creditors' Committee, the JSAs consider the most appropriate way to do this is by way of an application to Court to set a Hard Bar Date, being a final date by which any claims to Client Money must be made by any party. After the Hard Bar Date, the CMP would be closed to new or increased claims and the JSAs can settle outstanding costs and distribute to Clients the remaining monies in the CMP.

In order for the Court to make a Hard Bar Date order, (i) it needs to be satisfied that the JSAs have taken all reasonable steps to identify and contact persons who may be entitled to the return of Client Money and (ii) it needs to consider that if a hard bar date is set there is *no reasonable prospect that the JSAs will receive claims for the return of Client Money after that date*". This is the exact wording in the Legislation and sets a very high legal threshold.

During the report period, 190 Clients submitted a claim to Client Money, being an average of 32 new claims per month. This leaves 816 Clients (circa 9%) yet to submit a claim to their share of Client Money, with anticipated claims totalling approximately £1 million. Over 100 of these Clients have a claim to more than £1,000.

Given the above, the JSAs' legal advisors consider it is still too early to apply to Court for a Hard Bar Date to be set as they are not yet satisfied it would be possible to evidence to the Court that there is no reasonable prospect of any further claims to Client Money being received if a Hard Bar Date was set.

## 2.6 Anticipated outcome for Clients and Creditors

### 2.6.1 Clients

As previously reported:

- The Distribution Plan (as approved by the Court) sets out the basis and methodology for allocating the costs incurred by the JSAs in pursuing Objective 1 for Custody Assets. The Distribution Plan estimates that Clients will be charged a fixed fee (the Share of Costs) of no more than £2,500 in respect of the return of their Custody Assets, however, this will be capped to the lower of the fixed fee or the value of a Client's Custody Assets as at 8 October 2019;
- Costs for dealing with the CMP will be levied proportionately as a percentage of each Client's Client Money balance. On present information, it is anticipated such costs will now be higher than the initial estimate of 6.5%, first reported in November 2020, given the extent of work required to elicit wider Client engagement and to process the high volume of instructions to pay Client Money to alternative brokers or personal bank accounts (which has required additional IT development, verifications, documentation and, recently, sanction checks). The prior estimate was based on a higher percentage of Clients engaging early in the process and requesting their Client Money be paid to one of the JSAs Nominated Brokers and there being only one interim distribution as opposed to the two which have now been undertaken.

Whilst these costs may be deducted from the respective Client Assets in accordance with the Regulations and CASS, more than 99% of Clients will qualify for FSCS compensation and, therefore, other than a very small number of exceptions, **these Clients will not have to meet these costs (as they will be settled by the FSCS) and will receive a full return in respect of their Custody Assets and Client Money.**

Current estimates, although subject to Client behaviours, are that the costs for returning Client Money will be up to 11% of the CMP. However, this percentage cost should be reduced significantly by the application of any unclaimed Client Money at the time of the Hard Bar Date (further detail included at section 4.8.2).

### 2.6.2 Creditors

The outcome for creditors will be dependent upon:

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

Until House Asset realisations are complete, the JSAs are unable to advise on the dividend prospects of the secured, preferential, and unsecured creditors of the Company as this may prejudice future realisations. Further updates will be made available to creditors when the JSAs are in a position to do so and when this will not prejudice future realisations.



## 2.7 What do Clients need to do?

### 2.7.1 Clients with Custody Assets and/or CAI

The JSAs will continue to process both Transfers of Custody Assets and/or CAI to the Nominated Brokers and Distributions to those brokers designated by Clients respectively.

Clients who either opted out of the Transfer or did not have a Nominated Broker (e.g. IF ISA and CTF Clients) and are still to submit their Distribution instructions are strongly urged to do so via the Portal as a matter of urgency in order to avoid any further delays to the Distribution of their Custody Assets and/or CAI.

### 2.7.2 Clients with Client Money

Clients that are yet to submit a claim to Client Assets and/or submit a CMIF (confirming their distribution instructions) are encouraged to do so immediately in order to expedite the distribution of Client Money for both themselves and other Clients. This can be done via the Portal.

Clients, with smaller claims, that do not wish to pursue any repayment of funds are still encouraged to submit their claim and provide instructions for their entitlements to be paid to charity to expedite the full distribution of Client Money to other Clients. This can be done via the Portal within a few minutes.

In accordance with the JSAs' previous notices, Clients that do not submit a claim before the Hard Bar Date will lose their entitlement to Client Money and, instead, have an unsecured claim against the Company for the value of their unclaimed Client Money. As noted previously at section 2.6 in this report, the outcome for unsecured creditors is contingent on the realisations of House Assets and the costs associated with Objective 2 and Objective 3.

### 2.7.3 Further information

Instructions on how to access the Portal, along with the most recent reports, updates and documents, can be found at the Website (<https://smithandwilliamson.com/reyker-securities-plc>).

Should you have any queries relating to the Special Administration, submitting a claim to Client Assets or would like to request a hard copy of any of the documents available on the Website (which will be provided at no cost) please contact us by:

- **Telephone:** 0800 048 9512
- **Email:** [clientservices@reyker.com](mailto:clientservices@reyker.com)
- **Post:** Reyker Securities plc (in special administration), 25 Moorgate, London, EC2R 6AY.

## 3. The JSAs' Objectives and Proposals

As outlined in the JSAs' first progress report, the JSAs have three Objectives which are set out in the Regulations, being:

1. Objective 1 - To ensure the return of Client Assets as soon as is reasonably practicable;
2. Objective 2 - To ensure timely engagement with market infrastructure bodies and the Authorities; and
3. 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.

The JSAs are continuing to pursue the three objectives, being 1,2 and 3(ii) in parallel.

On 25 November 2019, the JSAs made available their Proposals for achieving the purpose of the Special Administration to all known Clients and Creditors. An Initial Meeting of Clients and Creditors was held on 16 December 2019 and Clients and Creditors approved the Proposals without modification and passed a resolution to form the Creditors' Committee.

Attached at **Appendix B** is a summary of the JSAs' approved Proposals for achieving the purpose of the Special Administration. There have been no amendments to, or deviations from, the JSAs' Proposals during the course of the Special Administration to date.

## 4. Summary of actions during the report period

This section provides Clients and Creditors with an update on how the JSAs' have been pursuing their strategy with a view to achieving the three Objectives and the progress made in the reporting period.

### 4.1 Return of Custody Assets and CAI (Objective 1)

#### 4.1.1 Transfer of Custody Assets to the Nominated Brokers

Following the approval of the Distribution Plan, the JSAs commenced the Transfer of Custody Assets and CAI to the five designated Nominated Brokers (being James Brearley, Thompson Taraz, Logic, Kin Capital and Pershing) in late January 2021. Given the high number of stock lines and asset types held for over 9,000 Clients, ranging across electronic, paper and statement-based securities, and the differing requirements and response times of the various brokers, registrars, custodians and fund managers, the Transfer process has been ongoing ever since.

We previously reported that:

- Of the 9,008 Clients holding Custody Assets as at 29 January 2021, 8,552 (being 95%) had stock or other assets which could be transferred to one of the above-named Nominated Brokers subject to the Transfer conditions being met.
- The remaining 5% of Clients could not be transferred to any of these Nominated Brokers due to either the type of investment held (i.e. IF ISA or CTF) or the Client's country of residence (e.g. James Brearley was unable to accept Clients residing in the U.S.A.).
- Only 8% of Clients who were presented with a Transfer to a Nominated Broker opted out of the Transfer; with the overwhelming majority of these being represented by three Investment Managers who ultimately wanted their Clients to be transferred to a broker of their respective (different) choice.

During this report period, the JSAs have continued to liaise with the Nominated Brokers and, where necessary, Clients, intermediary Investment Managers, registrars, regulators, sub-custodians, banks, accreditation and certification bodies and fund managers to progress and complete additional Transfers.

A summary of the present status of Transfers is below:

Nominated Broker	Total no. of Transferrable Custody Asset lines	Completed or instructed	Status		Completed or instructed (%)
			Costs outstanding preventing transfer	In progress	
James Brearley	24,046	23,983	9	54	99.74%
Kin Capital	10,651	10,651	-	-	100.00%
Pershing	5,050	5,049	1	-	99.98%
Thompson Taraz	4,615	4,614	1	-	99.98%
Logic	2,214	2,130	1	83	96.21%
<b>Total</b>	<b>46,576</b>	<b>46,427</b>	<b>12</b>	<b>137</b>	<b>99.68%</b>

The JSAs would highlight:

- \*Based on present information, there are 46,576 lines of Custody Assets subject to Transfers to Nominated Brokers (previously 49,214). This number has decreased since our last report due to additional stock lines being classified as Non-Returnable Client Assets (further information in section 4.1.5);
- Over 99% of Transfers to Nominated Brokers (by number of Custody Asset lines to Transfer per Client) have now been completed or instructed (previously 98%);
- Transfers are deemed completed once the Custody Assets have been registered with the new Nominated Broker. Instructed Transfers are where all requisite documents have been issued by the JSAs to a third-party registrar, agent, company secretary or fund manager for processing;
- Costs outstanding preventing transfer refers to Transfers which cannot be progressed at the present time as the respective Clients are required to pay their Share of Costs or, alternatively, submit additional documentation to the FSCS in order to be classified as an FSCS Protected Claimant in order that their costs will be met by the FSCS;
- Transfers that are 'in progress' are where the new brokers require additional information or documentation from the Clients or Reyker in order to progress the Transfer;
- The remaining stock lines to Transfer are typically not electronically held, more individual in nature and will require bespoke solutions and the co-operation of additional counterparties to overcome specific challenges. Accordingly, these Transfers will require the continued attention of the JSAs' senior team and be phased over subsequent reporting periods.

*Please note, the number of Custody Asset lines subject to Transfer is subject to change between report periods on account of corporate actions, redemptions, securities becoming Non-Returnable Client Assets (e.g. as a result of de-listings from public exchanges and/or dissolution) and Nominated Brokers subsequently determining they cannot accept Transfers already put in motion.*

#### 4.1.2 Distributions for opt-out Clients and Clients with no Nominated Broker (including IF ISAs and CTFs)

Where a Client either opted-out of the Transfer to its respective Nominated Broker(s) or, alternatively, the Client did not have a Nominated Broker (such as Clients with IF ISA and CTF investments or those that reside in the U.S.A. and could not Transfer to James Brearley), the Distribution Plan provides for the return of Custody Assets (and CAI) via a Distribution.

The Distribution process requires Clients to nominate their own choice of broker (on their CARS) either on or before a Distribution Selection Date determined by the JSAs. By design, the CARS on the Portal allowed for Clients to name their chosen broker and Clients were encouraged to complete this as part of the opting-out process. As advised in advance, Clients who opted out of the Transfer would experience a significant delay in the Distribution of their Custody Assets and CAI as the JSAs were prioritising the Transfers to the Nominated Brokers in the first instance.

Clients who did not have a Nominated Broker (such as IF ISA and CTF Clients), were provided with a CARS in August 2021 following the JSAs concluding that, despite best endeavours, such assets could not be Transferred to a sixth Nominated Broker.

Following the completion of more than 98% of Transfers to the Nominated Brokers, the JSAs commenced the Distribution process during June 2021 and, at the time of the last report, had completed or instructed approximately 25% of Custody Asset Distributions (by number of returnable Custody Asset lines per Client).

The JSAs confirm:

- There are presently 4,320 lines of returnable Custody Assets subject to a Distribution;
- Approximately 83% of Distributions (by number of returnable Custody Asset lines per Client) have been completed or instructed (including any associated CAI where relevant);
- The JSAs and their team are now liaising with more than 50 different brokers as part of the Distribution process. Each broker has their own unique set of policies, requirements and response times, making the process challenging and time consuming, particularly as a number of brokers are completely unfamiliar with the Special Administration Regime;
- Although a condition of any Distribution instruction was for the Client to confirm that their named new broker could hold their Custody Assets, the JSAs received instructions where this had not happened and



instructions were given, by the Client, to distribute Custody Assets to a broker that did not have the necessary permissions to hold the asset. Such Clients have been asked to advise of an alternative broker to which their assets may now be Distributed;

- The Distribution statistics include IF ISA and CTF Clients on account of a sixth Nominated Broker not being found for these respective investments;
- At the present time, 5% of Distributions (previously 13%) cannot be progressed on account of certain Clients having not yet designated a broker or paid their Share of Costs; and
- Due to the number of brokers, asset classes and stock lines, ranging across electronic, paper and statement-based securities and the differing requirements and response times of the brokers, registrars, custodians and fund managers, the completion of Distributions will continue to be phased over time.

A number of Clients who either opted out of the Transfer or did not have a Nominated Broker (e.g. IF ISA and CTF Clients) are still to provide their Distribution instructions or have not provided valid Distribution instructions. These Clients are strongly urged to provide such information via the Portal as early as possible to avoid any further delays to the Distribution of their Custody Assets and/or CAI.

The JSAs are aware that a number of IF ISA Clients have struggled to find a broker willing to receive such assets. By way of assistance, the JSAs have provided details of two brokers, who have accepted IF ISA Distributions, on the Website on a strictly non-advisory basis. This is not a recommendation of these brokers by Reyker or the JSAs. These are not Nominated Brokers (with all the substantial research that takes place by the JSAs as part of admitting a new broker as a Nominated Broker) and Clients must undertake their own research and take independent advice as to the merits of any new broker to whom they wish to distribute Custody Assets.

#### 4.1.3 Transfers and Distributions of CAI

CAI includes dividends, coupon payments or mandatory 'kick-out' redemptions derived from Custody Assets. Such cash receipts must be segregated from the CMP (in accordance with CASS) and, where possible, is allocated to the respective Client's plan.

The process by which CAI is being returned to Clients by the JSAs is the same as for Custody Assets, as set out in the Distribution Plan.

CAI continues to be received by the JSAs in respect of Custody Assets that have not yet been Transferred or Distributed and where either a Transfer or Distribution has been instructed but the respective registrar or receiving broker has not yet updated the registered nominee responsible for receiving funds (e.g. from Reyker Nominees Limited to James Brearley Crest Nominees Limited). The rate at which CAI is received by the Company has steadily decreased across reporting periods as additional Transfers and Distributions of Custody Assets complete.

Since the start of the Special Administration, the JSAs have received and Transferred or Distributed more than £60 million of CAI across eight currencies.

The receipts and payments account at **Appendix C** confirms the amount of CAI received during the report period is approximately £752k and the amount returned to Clients during the report period is equivalent to approximately £2.0 million across eight currencies.

Following the migration from VAULT to a new, fully integrated, software platform (reykeradmin.com), the JSAs are undertaking periodic sweeps of CAI to the Nominated Brokers on a regular basis. CAI due to be distributed elsewhere (i.e. other than to the Nominated Brokers) will be distributed simultaneously with Custody Assets to the same broker a Client has designated through the Distribution process.

#### 4.1.4 Non-Returnable Client Assets

Non-Returnable Client Assets are securities which the JSAs have determined cannot be Transferred or otherwise Distributed for any legal or practical reasons. For example, these may relate to companies that have been delisted from a public stock exchange or been dissolved. These assets were marked as being Non-Returnable Client Assets on the respective Clients' CARS (subject to the stock being identified as Non-Returnable prior to the CARS being issued).

The JSAs have now identified approximately 185 securities spanning 4,777 Custody Asset lines as being Non-Returnable (previously 72 securities spanning 1,938 Custody Asset lines at the time of our last report). This figure has increased since our last progress report due to:

- The JSA's undertaking a detailed review of the status of each stock line recorded on reykeradmin.com to ensure that stocks that can't be transferred have been correctly recorded as Non-Returnable. For the avoidance of doubt, should any liquidation payment be received in relation to these Custody Assets this will be accounted for and passed onto the underlying Client in accordance with the Distribution Plan;
- Mandatory corporate actions; and
- Classifying a relatively small number of problematic Custody Assets as Non-Returnable where the JSAs are unable to take any further meaningful steps to effect a Transfer or Distribution.

The most notable example of the latter category is the Argento collection of loan notes. Clients holding these loan notes are aware that the note issuer, Argento Access SARL (or similar company in certain circumstances), has refused to Transfer the notes (notwithstanding their confirmation of receipt of valid instructions to do so from the JSAs) so, at present, they are held and classified as being Non-Returnable. The JSAs are, however, still working with the underlying note holders and Clients to try to resolve this position and, if this is possible, they would no longer be classified as Non-Returnable.

Please note, where Custody Assets have matured and converted to CAI, the cash will remain subject to the original Transfer to the respective Nominated Broker or Distribution.

Where any Non-Returnable Client Asset ceases to be a Non-Returnable Client Asset the relevant Client Asset will be returned by either a Transfer or Distribution in accordance with the Distribution Plan. This means the above reported figures may vary between report periods.

Where a Client Asset remains a Non-Returnable Client Asset, the Client may, at any time, elect to notify the JSAs in writing that it releases the Company from any obligation to return the Non-Returnable Client Asset, in which event a shortfall claim (i.e. an unsecured claim relating to any shortfall of Client Money or Custody Assets) shall automatically be deemed to have been submitted as a proof of debt against the Company's administration estate.

## 4.2 Distribution of Client Money (Objective 1)

In line with the preference and request of the Creditors' Committee, the JSAs undertook a separate distribution of Client Money (being cash held for Clients as at 8 October 2019 and collectively known as the CMP). The primary driver for this was to provide Clients with earlier access to the majority of their funds at a time of financial uncertainty for many as a result of the Covid-19 pandemic and to provide Clients an opportunity to reinvest these funds.

Accordingly, the JSAs embarked upon a separate distribution of Client Money under the FCA's Client Money Distribution and Transfer Rules (as set out in CASS 7A) which, unlike the Distribution Plan for Custody Assets, was not subject to Court approval (and associated additional requirements and time).

### 4.2.1 Second interim distribution

During the report period, in October 2021, the JSAs provided notice of their intention to declare and pay a second interim distribution of Client Money, as the extent of outstanding claims had delayed their ability to close the CMP and pay a final distribution.

The JSAs decided to retain an appropriate provision of less than 2% of the CMP for new or increased claims and declared a second distribution of 13.25 pence in the pound (in addition to the 85% paid as a first interim distribution) for all Clients who are FSCS Protected Claimants. This meant the majority of Clients (over 99%) would receive 98.25% of their Client Money, subject to the submission of a valid claim and CMIF.

For the small minority of Clients who are not FSCS Protected Claimants (or yet to confirmed as such), being less than 1%, an additional 11% of Client Money was retained as a provision against their potential share of costs for the Client Money Distribution. These Clients would, therefore, receive up to 87.25 pence in the pound across both the first and second distributions.

Clients who qualified for the second interim distribution were all paid before the end of 2021, as planned.



## 4.2.2 Client Money distributed to Clients

Following the JSAs' reconciliation and Soft Bar Date process, the total sterling value of the CMP at the date of appointment was approximately £57.6 million.

These funds were held for 9,192 Clients across 11,843 Client plans and 10 different currencies. This means, subject to 100% Client engagement, the maximum amount of Client Money that can be distributed under the first and second distributions, after provisions against new or increased claims or retentions for costs for Clients that are not eligible for FSCS compensation, is approximately £56.1 million.

At the end of the report period, the JSAs had received valid Client Money instructions (this is where both a claim and CMIF has been submitted) for 10,244 Client plans (previously 10,060), being 87% of all Client plans with Client Money. This is an increase of approximately 2% during the report period.

The following table summarises the instructions received to date and the number of respective plans that have received both a first and second distribution:

Distribution instructions	No. of Client plans			%
	Paid 2nd	Unpaid 2nd	Total	
Distribute to personal bank accounts	4,950	137	5,087	50%
Distribute to JSAs' Nominated Broker	3,938	88	4,026	39%
Distribute to alternative brokers	624	133	757	7%
Donate to the NHS	330	0	330	3%
Hold until Distribution Plan approved	0	44	44	0%
<b>Total</b>	<b>9,842</b>	<b>402</b>	<b>10,244</b>	<b>100%</b>
<b>%</b>	<b>95%</b>	<b>5%</b>	<b>100%</b>	

The JSAs would highlight:

- The JSAs have processed a first and second distribution for 95% of Client plans where a valid claim and CMIF has been received.
- This equates to distributions totalling approximately £53.6 million (being 95% by value of the maximum amount of Client Money that can be distributed at this time and 93% of the total CMP value).
- Over £8 million was distributed to Clients during the report period.
- The JSAs still require either a claim or a CMIF, or both, to be submitted for 1,599 Client plans (previously 1,783), representing 13.5% of all plans with Client Money.

The reasons why the JSAs have not been able to process all of the valid instructions received to date are:

- Clients have not yet provided the requested documents to verify their personal bank account details where it was not possible for the JSAs to independently verify them by the electronic GBG check via the Portal;
- Further action is required from either the Client or their own choice of alternative broker before funds can be distributed;
- Clients have not yet updated 'hold' instructions which were submitted during the first phase of the distribution process pending the approval of the Distribution Plan and the disclosure of the JSAs' Nominated Brokers for Custody Assets;
- Clients have selected for their Client Money to be paid to one of the JSAs' Nominated Brokers, however, further onboarding information is required from the Client prior to the respective Nominated Broker receiving funds; and
- Client instructions were only received just prior to the end of the reporting period and, at time of writing, were yet to be actioned.



The JSAs continue to liaise with Clients who are required to provide additional information or take further action in order for their Client Money distribution(s) to be completed.

#### 4.2.3 Sanctions checking

Due to the current political situation and the unusually fast changing list of persons or entities subject to sanctions by the UK, EU or USA, the JSAs must check any beneficiary of a payment or transfer of assets against the current sanctions list within 24 hours of executing the Transfer or Distribution. The JSAs are utilising a third-party commercial operator for this process.

#### 4.2.4 Closing the CMP and the final distribution of Client Money

As previously reported, the JSAs need to formally close the CMP to further, new or increased, Client claims prior to settling final costs and returning the residual balance of Client Money; this is necessary to protect all participating Clients, the Company and the JSAs. The timing for closing the CMP is largely contingent on when all, or nearly all, Clients have submitted their claim to Client Money.

Following legal advice and discussions with the Creditors' Committee, the JSAs consider the most appropriate way to do this is by way of an application to Court to set a Hard Bar Date, being a final date by which any claims to Client Money must be made by any party. After the Hard Bar Date, the CMP would be closed to new or increased claims and the JSAs should be in a position to distribute 100% of Client Money claimed by Clients, after deduction of the share of costs for Clients who are not FSCS Protected Claimants.

In order for the Court to make a Hard Bar Date order, (i) it needs to be satisfied that the JSAs have taken all reasonable steps to identify and contact persons who may be entitled to the return of Client Money and (ii) it needs to consider that if a hard bar date is set there is *no reasonable prospect that the JSAs will receive claims for the return of Client Money after that date*". This is the exact wording in the Legislation and sets a very high legal threshold.

At the time of our last report, the JSAs were advised by their legal advisors that, despite the extensive Client tracing exercise completed by the JSAs, it was too early to apply to Court for a Hard Bar Date, given there remained more than 900 Clients with over £1.2 million of Client Money yet to submit a claim and new claims continued to be received each week.

The JSAs have continued to monitor the rate at which new claims are being received and consult with their legal advisors as to the appropriate timing of an application to Court.

During the report period, 190 Clients submitted a claim to Client Money, being an average of 32 new claims per month. This leaves 816 Clients (circa 9%) yet to submit a claim to their share of Client Money, with anticipated claims totalling approximately £1 million. Over 100 of these Clients have a claim to more than £1,000.

Given the above, the JSAs' legal advisors consider it is still too early to apply to Court for a Hard Bar Date to be set as they are not satisfied that, at this time, it would be possible to evidence to the Court that there is no reasonable prospect of any further claims to Client Money being received.

#### 4.2.5 Required Client action

Clients who are yet to submit a claim to Client Money and/or their Client Money distribution instructions or, alternatively, still need to update a previously submitted 'hold' instruction should log on to the Portal as soon as possible to provide their instructions.

Additional information as to how to access the Portal and submit your CMIF is available on the Website. Clients who wish to update their CMIF (e.g. change of bank account details) can do so by writing to client services by email at [clientservices@reyker.com](mailto:clientservices@reyker.com) or, alternatively, by post at Reyker Securities plc (in special administration, c/o Smith & Williamson Limited, 25 Moorgate London, EC2R 6AY).

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

**The JSAs are aware that the inaction of these 816 Clients is negatively impacting the return of Client Money for the 7,800 or so Clients that have complied with their own requirements but are also mindful of the statutory and regulatory duties they owe to all Clients and the consequences of setting a Hard Bar Date.**

Please note, Clients that are yet to submit their claim to Client Money are encouraged to urgently engage with the process, even if they consider their Client Money balance to be relatively small, as all outstanding claims are delaying the JSAs' ability to close the CMP and pay a final distribution to other Clients.

Clients, with smaller claims, that do not wish to pursue any repayment of funds are still encouraged to submit their claim and to provide instructions for their entitlements to be paid to charity.

### 4.3 Client tracing (Objective 1)

During the last reporting period, the JSAs completed an extensive Client tracing program which they consider both meets and exceeds the requirements set out in CASS.

The main focus of the program was to trace and elicit engagement from Clients that had not yet submitted a claim to Client Money as, until the JSAs can demonstrate to the Court that they have taken all reasonable steps to identify and contact persons who may be entitled to the return of Client Money and there is no reasonable prospect of further claims being received, the CMP cannot be closed and a final distribution of Client Money to participating Clients cannot be paid.

The work undertaken may also assist the return of Custody Assets where certain Clients hold both Client Money and Custody Assets and are required, under the Distribution Plan, to engage and confirm their own choice of broker and have not yet done so (i.e. Clients with no Nominated Broker).

During this period, the JSAs have undertaken a second interim distribution of Client Money. As part of this process, the JSAs wrote again to all Clients that were yet to engage and submit a claim to their share of Client Money requesting them to urgently do so. Further steps were taken to ensure the correct email and postal addresses were used.

As a result of the extensive work undertaken across the last two reporting periods, and additional communications being issued as part of the second interim distribution process:

- A further 190 Clients submitted a claim to their share of Client Money (totalling circa £359k) in the last six months (being an average of 32 new claims per month). This leaves 816 Clients (circa 9%) yet to submit a claim to their share of Client Money; and
- There are now approximately 675 Clients who have submitted a claim to Client Money but not a CMIF (previously 750).

Given there remains 816 Clients (circa 9%) yet to submit a claim to their share of Client Money, totalling approximately £1 million, and more than 100 of these Clients have a claim to more than £1,000 and in light of recent discussions with their legal advisors about the need to reduce further the number of high value outstanding claims, the JSAs considered it appropriate to revisit and supplement their attempts to trace Clients and a separate project team was established to:

- Visit the last known address of any Clients with a claim to more than £10,000 with a view to hand delivering documents, personally explain the purpose of the Special Administration, answer any questions or source forwarding addresses where Clients may have moved; and
- Undertake additional internet and social media searches (including google, facebook and linked-in).

It was considered expending further time and cost in this regard was in line with the JSAs regulatory and statutory duties, proportionate and in the interests of all Client Money Clients given it may help expedite the application to Court for a Hard Bar Date and, therefore, the final dividend.

This additional, extensive, client tracing work undertaken will form the basis of any subsequent application that is required to Court regarding Client Money and/or to the FCA for modification of the Client Money Rules and is critical to the JSAs finalising claims against the CMP and paying a final distribution of Client Money to participating Clients.

Whilst Clients who have not submitted a claim to Client Money are delaying the JSAs' ability to apply to Court for a Hard Bar Date and pay a final distribution, those that have claimed their share of Client Money but not yet provided their full distribution instructions by way of completing a CMIF, or confirmation that a distribution may be paid to their Nominated Broker, could also potentially delay the overall conclusion of the Special Administration.

The JSAs are actively considering how to complete the distribution of Client Money where Clients have agreed their claim but the requisite instructions have not been given. As part of this process, the JSAs, together with their legal advisors, are considering making an application to the FCA for CASS waivers to allow for the distribution of Client Money to Nominated Brokers where the Client agreed their Client Money claim and initially requested that their funds be held pending the Transfer of Custody Assets but (i) never then confirmed this instruction once the Nominated Broker was identified and (ii) did not opt out of the Custody Assets Transfer.

This strategy would potentially allow for the distribution of Client Money for a further 281 clients, totalling £167k.

Clients that are yet to submit a claim to Client Assets and/or submit a CMIF (confirming their distribution instructions) are encouraged to do so immediately in order to expedite the distribution of Client Money for both themselves and other Clients. This can be done via the Portal and further guidance is available on the Website or by contacting client services on 0800 048 9512 or by email at [clientservices@reyker.com](mailto:clientservices@reyker.com).

## 4.4 Operations (Objective 1)

### 4.4.1 Maintaining critical operations and monitoring costs

The JSAs continue to maintain all critical operations required to achieve the maintenance and return of Client Assets as expeditiously as possible whilst monitoring and reducing the associated cost base where possible.

During the report period, the number of employees and third-party contractors assisting the JSAs' staff was reduced to one (previously three) and two (previously four) respectively. Such roles were no longer considered to be full time and any ongoing work has been shared among the remaining employees, contractors and JSAs' staff.

Following the migration to a new, cloud-based software platform ([reykeradmin.com](http://reykeradmin.com)), the JSAs also commenced preparations to decommission the Company's physical servers and, therefore, vacate the second-floor office at the Premises. Notice was provided to the landlord and its agent of the JSAs' intention to vacate the Premises with effect from 30 April 2022.

### 4.4.2 Funding

With more than 99% of Clients confirmed as being FSCS Protected Claimants, the majority of Objective 1 costs (for both the return of Custody Assets and Client Money) will be paid by the FSCS on behalf of these Clients.

The JSAs entered into a compensation deed with the FSCS in late 2020, under which the FSCS are able to advance compensation due to FSCS Protected Claimants directly to the JSAs in order to defray the costs of the process of returning Client Assets; thereby ensuring the respective Clients receive their assets whole (subject to the maximum FSCS compensation limit of £85k per Client).

At the time of our last report, the JSAs had drawn down £13.8 million under the FSCS compensation deed. No further funds have been advanced during the report period, however, a request for a further £2.8 million was recently submitted and funds have been duly received.

The JSAs also received a further £17,500 during the period from Clients who are not FSCS Protected Claimants in respect of their Share of Costs for returning Custody Assets (bringing total Share of Costs received to £45,000).

Both sources of funding are itemised in the receipts and payments account at **Appendix C**.

### 4.4.3 Company data and Client records

Our last report advised that the JSAs had successfully migrated from the Company's historic systems to a new, cloud-based software platform known as [reykeradmin.com](http://reykeradmin.com) and the numerous benefits this provided to the Special Administration.

During the report period, following extensive development and testing of [reykeradmin.com](http://reykeradmin.com) and an extended period of business use without interruption, the JSAs commenced preparations to decommission the Company's server and legacy applications and vacate the Premises.

It has been necessary to utilise the services of both the Company's in-house developer, Manresa Consulting Limited ("Manresa"), and outsourced IT data and network support provider, Fusion Technology Solutions Limited ("Fusion"), to ensure Client and Company data required for the Special Administration are retained

and the JSAs' and the Company's statutory obligations regarding the retention of records are met. This work has involved:

- Reviewing all Company data held across seven separate physical servers (totalling more than 11 terabytes) and, where relevant and not yet done so, transferring data files to the present cloud-based data storage solution;
- Reconfiguring the Company's original back-up solutions; and
- Liaising with CREST and Fusion to ensure there is continued access and use of the required CREST share settlement system.

## 4.5 Communications (Objective 1)

### 4.5.1 Communications with Clients & intermediaries

During the reporting period, the JSAs have continued to liaise with Clients and intermediaries (such as Investment Managers and IFAs) by a range of different methods. This has included issuing mass communications by post or email, operating the Website and maintaining a dedicated email address and telephone line for Client queries.

During the report period post, telephone and email campaigns have been continued and supplemented as detailed at Section 4.3 above.

These campaigns, in addition to general Client queries and our ongoing Client tracing program (section 4.3), meant the client services team (assisted by S&W staff):

- received 2,092 inbound phone calls from Clients; and
- reviewed and responded (where necessary) to over 2,035 emails from Clients.

The dedicated Website has continued to be updated on a periodic basis, as and when there are significant developments to report. The Website has been visited 1,573 times during the report period (and 26,263 times since the start of the Special Administration).

**The JSAs would remind Clients to remain vigilant and to exercise caution when dealing with correspondence regarding the Special Administration of the Company. If you are in any doubt regarding the authenticity of any correspondence you may receive, please do not hesitate to contact client services at [clientservices@reyker.com](mailto:clientservices@reyker.com) or on 0800 048 9512.**

### 4.5.2 Client Claim Portal

The Portal continues to be maintained to collate and record Client instructions.

During the last reporting period, we confirmed that the JSAs had migrated to 'reykeradmin.com' and that one of its key advantages was integrating Reyker's Client database and safe custody ledgers with Client claims and Transfer/Distribution preferences submitted via the Portal (i.e. front and back office).

During the period, the JSAs have explored with Manresa the ability to further enhance the Portal and add a statement of account which would confirm on the date generated by the Client:

- The Client Assets held on behalf of a Client at the date of special administration;
- The present quantum of Client Money and volume of Custody Assets either Transferred or Distributed and the receiving broker (where relevant);
- The present balance of Client Money or Custody Assets remaining under the JSAs' control; and
- The number of units held in any Non-Returnable Client Assets.

The Portal currently provides Clients with an opportunity to access some, but not all, of this key data. The ability to provide a statement of this nature is only now possible following the successful development and migration to 'reykeradmin.com'. Work is ongoing in this regard and the JSAs anticipate further details will be provided to Clients with the next progress report.



The continued use of the Portal has been critical to the JSAs being able to record and process Client instructions across multiple workstreams in an efficient and cost-effective manner. Without the Portal, very considerable resource, that could only have been satisfied by the recruitment of a significant number of new employees and contractors, would have been required to process Client responses.

#### 4.5.3 Liaising with the Creditors' Committee

The JSAs continue to liaise with the Creditors' Committee members on a regular basis. The last formal meeting of the Committee during the reporting period was 24 January 2022 and a further meeting has been scheduled to consider the contents of this report.

There were no changes to the Creditors' Committee members and observers during the report period.

#### 4.5.4 FSCS eligibility reviews

The JSAs have continued to work closely with the FSCS to ensure that as many eligible Clients as possible receive compensation and that their Share of Costs will be paid direct to the JSAs (under the FSCS compensation deed) without the need for Clients to submit a claim to the FSCS themselves. Such a process means that for the vast majority of Clients:

- their Custody Assets have or will Transfer to a Nominated Broker (or be Distributed to a broker of their own choosing) in whole and without the need for the JSAs to liquidate their holdings to meet their Share of Costs; and
- their Client Money will, subsequent to a final Client Money distribution being declared, be returned in full and without deduction for their respective share of the costs of distributing the CMP, subject to a Clients' total claim for compensation not exceeding £85k. Clients with Client Assets of more than £85k were required to confirm that they wanted to claim FSCS compensation.

Working with Clients directly and the FSCS and Investment Managers where appropriate, the JSAs have now helped more than 99% of all Clients qualify for FSCS compensation.

At the time of this report only:

- 33 corporate Clients are still to submit a claim or sufficient information for the FSCS to make a determination; and
- 1 individual Client with Client Assets of more than £85k is yet to submit a claim for FSCS compensation via the Portal.

The JSAs continue to try to correspond with or contact some of the very few remaining Clients that are likely to be eligible for compensation, if they were to engage with the process, to ensure that the maximum number of eligible Clients receive compensation and so that their Client Assets may be released.

#### 4.5.5 Data Subject Access Requests

During the report period, the JSAs received and responded to 93 DSARs. The JSAs have complied with the relevant legislation and addressed each DSAR that has been received in a timely manner.

#### 4.5.6 Tax certificates and transfer forms

During the reporting period, the JSAs continued to issue tax certificates for the tax year 2019/20 and 2020/21 (where specifically requested by Clients or their Investment Managers) and transfer forms in respect of the Transfer and Distribution of Custody Assets and Client Money to new brokers.

### 4.6 Objective 2 - Engagement with market infrastructure bodies and the Authorities

#### 4.6.1 Financial Conduct Authority

The JSAs continue to liaise regularly with the FCA in relation to Client positions, regulatory compliance matters, the Transfer and Distribution of Custody Assets, the Client Money distribution, statutory reporting requirements, ongoing investigations, Client communications and the overall strategy for achieving the Objectives and bringing

the special administration to an end. The Company remains an FCA authorised entity and, where still required, is compliant with its regulatory requirements.

Although outside the report period, the most recent virtual meeting with the FCA was on 26 April 2022.

#### 4.6.2 Financial Services Compensation Scheme

The JSAs continue to work closely with the FSCS to ensure that Clients' interests are protected and to assist the FSCS where appropriate. Further detail is provided in section 4.5.4 above.

Other, Objective 1, matters which the JSAs are liaising with the FSCS include:

- i. Client positions and progress on the agreement and submission of claims;
- ii. Progress with regard to the Transfer of Custody Assets to the Nominated Brokers and anticipated timings regarding Distributions to those Clients that opted out;
- iii. Progress of the Client Money distribution and the JSAs' strategy for closing the CMP;
- iv. Funding under the FSCS compensation deed;
- v. Hardship cases;
- vi. Negligence, mis-selling and other claims asserted by a limited number of Clients;
- vii. Committee matters;
- viii. Additional protections for Clients that might expedite the return of Client Money whilst delivering better value for money for FSCS levy payers

The JSAs meet, virtually, with the FSCS on a fortnightly basis with the most recent meeting on 25 April 2022.

#### 4.6.3 LSE

The JSAs now liaise with the LSE only on an ad hoc basis in relation to corporate actions and settlement of trades.

### 4.7 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, it was not 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.

During the report period, the JSAs have:

- i. Monitored the requirement for retained employees and continued occupancy of the second-floor office at the Premises;
- ii. Regularly assessed the requirement for various IT systems and suppliers and cancelled services where possible;
- iii. Liaised 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 provided guidance on their own positions and the statutory process for claims;
- iv. Complied with statutory reporting requirements;
- v. Maintained relevant insurance policies for the business and the Company's House Assets;
- vi. Continued investigations into the reasons for the Company's insolvency and the directors' conduct;
- vii. Assigned claims that may be brought against third parties in accordance with statute to a specialist litigation house ("the Assignee"). Further detail is provided at section 5.1.1. below;
- viii. Assisted the Assignee, where appropriate, with respect to these claims.

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 the achievement of Objective 1 need to remain in place and the Company cannot yet be dissolved.

## 4.8 Concluding the special administration

During the report period, the JSAs have continued to consider the overall strategy and potential timeframe for concluding the Special Administration and this has included consulting with their legal advisors, the FCA, FSCS and the Official Receiver and members of the Creditors' Committee in this regard. Concluding the Special Administration is contingent on a number of factors including, very significantly, Client behaviours (for example the submission of Client Money claims) and the extent to which the nature of Custody Assets mean that they are time consuming or challenging, if not impossible, to return, i.e. Non-Returnable Client Assets.

The JSAs have been liaising with the Official Receiver, the FSCS and the FCA to ensure that the Custody Asset and Client Money strategies represent the best and most economical outcome for all stakeholders.

### 4.8.1 Custody Assets

The JSAs will continue to work on Transfers and Distributions of Custody Assets and anticipate that all received instructions for their Transfer or Distribution (subject to Client engagement) will have been completed within the next four to six months (subject to any Non-Returnable Client Assets).

Simultaneously the JSAs will continue to review the status of Non-Returnable Client Assets and will Transfer or Distribute any Custody Asset that becomes returnable.

Once all current Client instructions for Transfers and Distributions have been completed the Company will hold a rump of Custody Assets consisting of (but not limited to):

- IF ISAs (where the Client has been unable or unwilling to transfer to a new broker)
- CTFs (where the Client has been unable or unwilling to transfer to a new broker)
- Assets held by Americans that could not Transfer to James Brearley (where the Client has been unable or unwilling to transfer to a new broker)
- Difficult but possible to Transfer or Distribute Custody Assets that may include:
  - Argento assets as described at Section 4.1.4.
  - Securities that are presently suspended or in an Insolvency process but that may still have a value to Clients
- Assets held by Clients that have not yet settled their Share of Costs

As the JSAs are required to “take all reasonable steps” to return assets to Clients in pursuit of Objective 1, a strategy for the treatment of each of these groups of assets is being prepared for presentation to the Creditors' Committee. These strategies include proposing a sixth and final Nominated Broker Transfer and supporting Clients in respect of actions relating to the Argento assets. Details of work started and planned will be included in the next progress report.

### 4.8.2 Client Money

As referenced above, it is the intention of the JSAs to apply to Court for a Hard Bar Date, which will permit them to close the CMP to claims and pay a final distribution of Client Money, once they can evidence to the Court that there is no reasonable prospect of any future claims to Client Money being received.

As part of the process of closing the CMP, the JSAs presently anticipate requesting for any required consents or orders from the Court and the FCA that:

- any unclaimed Client Money at the Hard Bar Date be applied towards the costs of returning Client Money with a view to reducing the overall costs borne by the FSCS and any Clients that are not FSCS Protected Claimants; and
- any Client Money that has been claimed but where the distribution of such funds has not been possible by the time the JSAs are in a position to vacate office (e.g. due to a CMIF not being returned or unverified bank details) be passed to the unclaimed dividends department of The Insolvency Service (a government body which will safeguard such money until such time that the respective Client engages).

The above strategy would see FSCS eligible Clients received 100% of their Client Money and all funds held within the CMP accounted for but this strategy remains subject to the consent of the Court and the FCA and requires the co-operation of other counterparties.

The JSAs continue to review the options available for concluding Objective 1 with their legal advisors with the best interests of all Clients in mind.

## 5. House Assets

This section provides an update on House Asset realisations for the benefit of Creditors during the period of this report. House Assets are those owned by the Company as opposed to those held on trust for its Clients. Such work constitutes pursuing Objective 3 of a special administration.

### 5.1.1 Third party claims

As a result of the JSAs' investigations, it was considered there were several claims that could be brought under statute. Such claims may include, but not limited to, transactions at an undervalue, breach of duty and misfeasance ("the Claims").

Given the limited funds available in the House estate to bring and litigate such claims, the JSAs consulted with the Creditors' Committee and advised that, in the absence of any creditors wishing to fund such litigation, the JSAs recommended the marketing and seeking of offers to assign the Claims to a specialist insolvency litigation house.

The JSAs subsequently accepted an offer from Manolete Partners Plc, an AIM listed and market leading litigation house, for the acquisition of the Claims. The Claims were sold for an initial consideration of £25,000, which was received upon assignment, and an element of deferred consideration based on net realisations.

### 5.1.2 Office furniture & equipment

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

The office furniture and equipment within the vacated first floor office was sold in a prior reporting period (realising a net, ex-situ £1,680 after the associated costs of removal and data-wiping).

As part of the preparation to vacate the second-floor office by no later than 30 April 2022, Hilco invited offers for the residual chattels and recommended the JSAs accept an offer of £1,750.

The net realisations are less than the initial ex-situ valuation prepared in 2019 given the realisations are net of the associated costs of removal and data-wiping and a further two and a half years has passed while the assets were used to assist with the Objectives.

### 5.1.3 Employee and shareholder loans

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

No additional realisations were made during the report period, however, realisations total £7,380 to date. The JSAs hope to realise further sums within the next six months following a period of debt forgiveness given employee redundancies and the Covid-19 pandemic.

### 5.1.4 Other House Assets

Other House Assets referenced in previous reports included VAULT, investments, book debts, rent deposits, prepayments and trademarks.

The JSAs previously reported there would be no further realisations with respect to these House Assets and the position has not changed during this reporting period. Please refer to previous reports and the summary of the JSAs' receipts and payments at **Appendix C** for further information.

### 5.1.5 Credit interest

During the reporting period gross bank interest of £12 was received; being interest accrued on funds held in the House estate.

## 6. 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 and to submit a report to the Department for Business, Energy & Industrial Strategy in accordance with the Company Directors' Disqualification Act 1986.

As previously reported, the JSAs have complied with their statutory obligations and this report has been submitted to the relevant authority. 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 Special 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).

As referenced in section 5.1.1., the JSAs' investigations highlighted several claims that may be brought under statute against third parties. Given limited funds available to the House estate to bring and litigate claims, the Claims have been sold to Manolete Partners Plc, an AIM-listed and market-leading litigation house.

## 7. JSAs' receipts and payments

Attached at **Appendix C** is the JSAs' receipts and payments accounts covering the six-month reporting period, being from 8 October 2021 to 7 April 2022, and the cumulative total for the first two years of the Special Administration. The summary separates out the receipts and payments in respect of the House Accounts (being the estate for the benefit of Creditors) and Objective 1 operation accounts (which are used to defray the costs associated with returning Client Assets), which includes the segregated FSCS Trust Account for funds being advanced under the FSCS Compensation Deed.

The JSAs' also enclose a separate receipts and payments account in respect of the Client Money balances held in the CMP and Post-Pooling Accounts. Any CAI received following the JSAs' appointment is segregated in the Post-Pooling Accounts.

The summaries are largely self-explanatory, however, the JSAs would comment in respect of the most significant receipts and payments as follows:

### 7.1 Receipts

#### 7.1.1 Objective 1 Accounts

During the reporting period, no further funds were drawn down under the FSCS compensation deed, however, an additional £2.8 million was received shortly after the report period to defray the associated costs of pursuing Objective 1 as they fall due.

#### 7.1.2 Share of Costs Collection Account (Custody Assets)

Where Clients are not FSCS Protected Claimants, they must meet their respective Share of Costs prior to Client Assets being returned. Such Clients have been asked to complete a Payment Options Form and confirm how they wish to settle this liability (e.g. either through deducting from Client Money deposited with the Company, liquidating their Custody Assets or from another external source).

The JSAs received £17,500 in respect of Clients' Share of the Costs of Transferring their Custody Assets (bringing total receipts to £45,000). These funds have been segregated from the FSCS Trust Account and will be allocated towards the final costs of returning Custody Assets in due course.

### 7.1.3 House Accounts

House realisations totalled £25,076 during the report period in respect of the sale of third-party claims (£25,000), bank interest (£12) and a sundry bank refund (£64). Section 5 of this report provides further detail regarding the Claims.

### 7.1.4 CMP and Post Pooling Accounts

The JSAs continue to segregate any Client Money received after 8 October 2019, referred to as CAI, in the requisite Post Pooling Accounts. The receipts and payments account at **Appendix C** confirms the amount of CAI received during the report period and the amounts of Client Money and CAI returned for each currency.

## 7.2 Payments

### 7.2.1 Objective 1 Account

In order to achieve Objective 1, it has been necessary to maintain critical operations at the Premises and retain several of the Company's staff and additional expert consultants to assist with the process. Such expenses are defrayed from advances of compensation due to FSCS Protected Claimants under the FSCS compensation deed.

Key payments made during the reporting period from the segregated FSCS Trust Account include:

- Agent fees totalling £147,228 plus VAT, which principally relate to specialist contractors engaged to assist with the pursuit of Objective 1 (further detail in section 9.3);
- Staff costs totalling £99,041, including net salaries (£52,630), PAYE & NIC (£38,248) and pension contributions (£8,163). Additional staff benefits and expenses have also been paid in the sum of £4,065;
- IT supplier fees totalling £104,067, including payments to Manresa (in-house developer), Fusion (outsourced IT data and maintenance provider) and Mayfly Internet Marketing (who host the Company's legacy website);
- Property costs totalling £72,232 in respect of office cleaning, service charges, utilities and a contribution to dilapidations (as agreed under the terms of the renewal lease in return for a rent-free period of up to 15 months);
- Custody fees of £93,506 to the custodians who continue to hold Custody Assets for the benefit of the Company's Clients until such time that they can be Transferred or Distributed. This includes payments to CACEIS (formerly Kas Bank), Aegon Co-funds and CREST whose services are required to hold and settle share Transfers and Distributions electronically. During the period, the final Custody Assets were Transferred from depositories held with Allfunds and the respective account has been closed.
- Necessary statutory costs totalling £15,124 in respect of outsourced printing and postage for mass Client communications. This principally relates to largescale circulars to Clients providing notice of the fourth progress report and the second interim Client Money distribution;
- Client Money distribution costs totalling £4,014, which includes payments to GB Group Plc (for automated bank verification checks) and NatWest's corporate charging account to defray fees charged in respect of the operation of Client Money deposit accounts and bank charges on Client Money transfers (the JSAs have sought to minimise bank transfer charges wherever possible);
- Reykeradmin.com development costs of £39,333 plus VAT, which is a final payment to Twenty Recruitment Limited (who sourced additional developers with the requisite skills during the project);
- Client tracing costs of £1,029, which relates to publishing notice of the JSAs' intention to close the CMP in the London Gazette, Financial Times and a regional publication for high value Clients as part of the extensive Client tracing program completed in the last report period;
- Irrecoverable VAT of £127,462. The Company is not VAT registered.

Further detail in respect of the JSAs' own fees and their agents and advisors is included in section 9.

### 7.2.2 House Accounts

There have been no payments from the House accounts during the period.

### 7.2.3 CMP and Post Pooling Accounts

During the report period, the JSAs declared and paid the second interim Client Money distribution as well as continuing to Transfer and Distribute CAI to the Nominated Brokers and those designated by opt-out Clients and Clients without a Nominated Broker respectively.

Although dividends, coupon payments or mandatory ‘kick-out’ redemptions should now be paid by the paying entity to the new broker (e.g. James Brearley) following any Transfer or Distribution of Custody Assets, the Special Administration will continue to receive CAI in respect of Custody Assets that continue to be held by the Company on trust for Clients or where a dividend or redemption was declared shortly prior to the respective asset being registered in the name of the new nominee entity.

The JSAs continue to undertake sweeps of CAI to the Nominated Brokers on a regular basis. CAI due to be distributed elsewhere (i.e. other than to the Nominated Brokers) will be distributed simultaneously with Custody Assets to the same new Client designated broker through the Distribution process or by occasional sweeps if the funds were received after the Transfer or Distribution of Custody Assets.

The Client Money receipts and payments account at **Appendix C** confirms the extent of Client Money distributed from the CMP and CAI Transferred or Distributed from the segregated post-pooling accounts across each of the various currencies held by the Company. Across both Client Money and post-pooling CAI, the JSAs have returned more than £10 million to Clients during the report period.

## 8. Estimated outcome for Clients and Creditors

### 8.1 Clients

The Distribution Plan (as approved by the Court) sets out the basis and methodology for allocating the costs incurred by the JSAs in pursuing Objective 1 for Custody Assets. The Distribution Plan estimates that Clients will be charged a fixed fee of no more than £2,500 in respect of the Transfer of their Custody Assets, however, this will be capped to the lower of the fixed fee or the value of a Client’s Custody Assets as at 8 October 2019.

Costs for dealing with Client Money will be levied as a fixed percentage of the Client Money balance. As set out in the last progress report, it is anticipated such costs will be higher than the initial estimate, first reported in November 2020, of 6.5% given the extent of work required to elicit wider Client engagement and to process the high volume of instructions to pay Client Money to alternative brokers or personal bank accounts (which has required additional IT development, verifications and documentation). The prior estimate was based on a higher percentage of Clients engaging early in the process and requesting their Client Money be paid to one of the JSAs Nominated Brokers and there being only one interim distribution as opposed to the two which have now been undertaken.

Further, as the JSAs are unable to close the CMP as early as hoped, there will be a greater proportion of shared costs in year 3 of the special administration to be allocated against meeting Objective 1 as it relates to returning Client Money and a slightly lower (corresponding amount) against the costs of meeting Objective 1 as it relates to returning Custody Assets, than had previously been forecast.

Whilst these costs may be deducted from the respective Client Assets in accordance with the Regulations and CASS, more than 99% of Clients qualify for FSCS compensation and, therefore, other than a very small number of exceptions, **Clients will not have to meet these costs (as they will be settled by the FSCS) and will receive a full return in respect of their Custody Assets and Client Money.**

Current estimates, although subject to Client behaviours, is that the costs for returning Client Money will be up to 11%. However, this percentage cost will be reduced significantly by the application against costs of any unclaimed Client Monies at the time of the Hard Bar Date.

## 8.2 Secured creditors

The Company granted security conferring both fixed and floating charges to NatWest on 4 April 2016.

NatWest has submitted claims against the Company totalling £8,876.

The ability to pay a distribution to secured creditors will depend upon the level of realisations from House Assets, the associated costs of such realisations and the costs incurred in respect of pursuing Objective 2 and Objective 3. Until all House Asset realisations have been concluded, the JSAs are unable to provide an indication of dividend prospects as this may prejudice future realisations.

## 8.3 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 (up to £800) and any accrued but unpaid holiday entitlements. Such claims are first met and paid (up to certain statutory limits) by the 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. 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. As previously reported, we estimate that the total preferential claims of the Company's employees will be approximately £7,600.

As is the case for the secured creditor, the ability to pay a distribution to preferential creditors will depend upon the level of realisations from House Assets, the associated costs of such realisations and the costs incurred in respect of pursuing Objective 2 and Objective 3. Until all House Assets have been realised, the JSAs are unable to provide an indication of dividend prospects as this may prejudice future realisations.

## 8.4 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, negligence or mis-selling; and
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).

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. The FSCS will, however, be entitled to submit a subrogated unsecured claim in respect of any compensation paid to the Clients in respect of these claims.

The JSAs' Proposals estimated that claims arising in respect of ordinary unsecured creditors (as per category three above) will total approximately £1.2 million. To date, claims received from Creditors total c.£1.1 million.

The JSAs have not undertaken the adjudication of unsecured creditor claims at this stage as the ability to pay a dividend will depend upon the level of realisations from House Assets, the associated costs of such realisations and the costs incurred in respect of pursuing Objective 2 and Objective 3. Given the anticipated level of such costs and the limited realisations anticipated from House Assets, it may be that such a process will not be necessary as part of the Special Administration.

## 8.5 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 net property and 20% of net property thereafter, subject to a maximum prescribed part fund of £600,000.

Until all House Assets realisations have been concluded, the JSAs are unable to provide an indication as to whether there will be any funds available to unsecured creditors in respect of the Prescribed Part as this may prejudice future realisations.

## 9. Costs of the Special Administration

The professional costs of the Special Administration to date can be split into the following three categories:

- The pre-Special Administration costs incurred by S&W and Foot Anstey;
- The JSAs' post-appointment remuneration; and
- The JSAs' expenses (to include category 1 and category 2 expenses).

Further detail in respect of these costs is provided below.

### 9.1 Pre-Special Administration costs

The pre-Special Administration fees and expenses for both S&W and Foot Anstey were approved by the Creditors' Committee on 30 January 2020. A summary of the fees and expenses incurred and those paid from the FSCS Trust Account during the report period is provided below.

Charged by	Services provided	Total amount charged £	Amount paid in period £	Total amount paid £	Amount outstanding £
S&W	Pre-administration planning	96,135	-	96,135	-
Foot Anstey LLP	Legal advice	65,413	32,707	65,413	-
Foot Anstey LLP	Legal expenses	1,154	-	1,154	-
<b>Total</b>		<b>174,078</b>	<b>32,707</b>	<b>162,702</b>	<b>-</b>

*N.B. (1) - All amounts are quoted exclusive of VAT*

*N.B. (2) - Previous reports have quoted total pre-appointment legal expenses of £12,530 with £11,376 still outstanding in error. Pre-administration legal expenses incurred and paid by Foot Anstey LLP totalled £1,154 and were paid in full during a previous reporting period.*

### 9.2 Post-Special Administration costs

#### 9.2.1 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 (subject to FSCS compensation not being received in respect of a respective Client's Share of the Costs); and
- Objective 2 and Objective 3, which will ordinarily be paid out of the Company's House Assets.

The Creditors' Committee approved that the basis of the JSAs' remuneration in pursuit of Objectives 1, 2 and 3 be fixed by reference to the time properly given by the JSAs and their staff in attending to matters arising in the Special Administration by way of resolution on 20 April 2020.

On 22 October 2020, the Creditors' Committee also proposed and approved a resolution that the JSAs' time costs and expenses for year 2 of the Special Administration be drawn in line with an incentive-based arrangement ("the Ratchet Agreement").

The Ratchet Agreement set a base cost for year 2 costs (including professional fees and certain operating costs) of £6.41 million and tiered discounts or premium to be applied to the JSAs' remuneration dependant on whether the base cost is exceeded or not. Given the uncertainty surrounding some of the expenditure relating to the Special Administration or the ability of the JSAs to influence them, certain costs were excluded from the base cost calculation, such as financing costs, custody fees, the development of reykeradmin.com and Client tracing costs.

Shortly following the end of the last reporting period, the JSAs prepared their final accounts for year 2 and confirmed to the Committee that the total professional and operating costs that were included in the Ratchet Agreement and accrued during year 2 of the Special Administration totalled £5.08 million, being £1.3 million under the base cost. This entitled the JSAs to a 10% uplift on their total time costs for the year, equating to circa £286k. Notwithstanding this, following discussions with the Creditors' Committee, a small discount was agreed by all parties and confirmed by resolutions passed on 24 January 2022.

### 9.2.2 The JSAs' time costs to 7 April 2022

The JSAs' time costs are as follows:

Period	Total hours	Total costs	Av. hourly rate	Fees drawn in period
	Hrs	£	£/hr	£
8 October 2019 to 7 April 2020	3,890	1,688,609	434	-
8 April 2020 to 7 October 2020	4,084	1,816,337	445	249,432
8 October 2020 to 7 April 2021	3,374	1,657,004	491	2,891,411
8 April 2021 to 7 October 2021	2,428	1,207,172	431	2,145,118
8 October 2021 to 7 April 2022	2,931	1,369,338	467	224,370
<b>Total</b>	<b>16,707</b>	<b>7,738,460</b>	<b>463</b>	<b>5,510,331</b>

During the report period, the JSAs have incurred time costs of £1.4 million (which includes costs of dealing with Client Money, Custody Assets and House Assets) which represents 2,931 hours at an average charge out rate of £467 per hour.

**Appendix E** provides a detailed analysis of the JSAs' time costs incurred during the reporting period 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 E**.

Also included at **Appendix F** is a cumulative time analysis for the period from 8 October 2019 to 7 April 2022 which provides details of the JSAs' total time costs since appointment, totalling £7.7 million.

### 9.2.3 JSAs' remuneration drawn to date

During the report period, a total of £224,370 was drawn from the FSCS Trust Account which relates to time costs in respect of Objective 1. No remuneration was drawn from the House Estate.

Total remuneration drawn by the JSAs as at the end of this report period is £5.5 million plus VAT, which all relates to time incurred in respect of Objective 1 and paid from the FSCS Trust Account. Of this, £249,432 was initially paid from the CMP, however, this was reimbursed from the FSCS Trust Account during a prior reporting period.

### 9.2.4 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**. The charge out rates are subject to an annual review.

A Creditors' and Clients' guide to the JSAs' fees can be found on the website [www.ips-docs.com](http://www.ips-docs.com) or, alternatively, <https://smithandwilliamson.com/reyker-securities-plc/>. Should you require a paper copy please email [reyker.securities@smithandwilliamson.com](mailto:reyker.securities@smithandwilliamson.com) or telephone 020 7131 4934 and it will be sent to you at no cost.

## 9.3 Expenses

### 9.3.1 Professional advisors' and agents' fees and expenses

During the course of the Special Administration to 7 April 2022, the JSAs have engaged the following professional advisors and agents. The following table confirms the basis of our fee arrangement with each of them which is subject to review on a regular basis.

Name of professional advisor or agent	Services	Basis of fee arrangement
Arthur Financial Ltd	IT recruitment	Fixed fee
Bartlett & Co. Ltd	Insurance brokers	Fixed fee
CAPA	Business rates review	% of realisations
Claret Recruitment Ltd	Recruitment	Mark up on contractors' time
ERA Solutions Ltd	Employee claim assistance	Fixed fee / employee
Farrer & Co LLP	Legal advice	Time costs plus disbursements
Foot Anstey LLP	Legal advice	Time costs plus disbursements
Fourthline Ltd	SAR and CASS agent recruitment	Mark up on contractors' time
Fusion Technology Solutions Ltd	IT support	Fixed fee under service agreements
Hilco Appraisal Ltd	Valuation of the Company's physical assets	Fixed fee plus disbursements
Marsh	Insurance brokers	Fixed fee
MHR International UK Ltd	Payroll services	Fixed fee / employee
SAR experienced consultants and other independent contractors (incl. Granite Star Consultancy Ltd.)	Assistance with the audit, reconciliation and return of Custody Assets and Client Money	Time costs
Seneca Partners Ltd	Marketing and assistance with negotiating a sale of the business and assets	Time costs plus disbursements
South Square	Legal counsel	Time costs plus disbursements
Twenty Recruitment Group	IT recruitment	Mark up on contractors' time

At **Appendix D** is a schedule confirming the extent of expenses incurred by the JSAs' instructed professional advisors and agents during the period (as well as cumulatively since appointment), including whether they have been incurred in respect of pursuing Objective 1 and/or Objectives 2 & 3, together with confirmation as to whether those amounts have been paid or remain unpaid.

The JSAs can confirm that the choice of agents and 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 and that each are third party entities. The JSAs and their firm do not have any association with any external provider of services and, therefore, they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in SIP 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense (as defined within SIP 9) and do not require prior approval from the Creditors' Committee.

### 9.3.2 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 table sets out the category 1 disbursements incurred and paid during the period:

Description	Obj 1 expenses incurred in period £	Obj 2&3 expenses incurred in period £	Total incurred in period £	Total paid in period £	Total expenses outstanding at period end £
IT suppliers (incl. Microsoft)	-	-	-	-	5,976
General suppliers	-	-	-	-	1,297
Travel & sustenance	-	-	-	-	1,124
Staff training costs	380	-	-	-	1,140
Staff equipment & expenses	538	-	-	-	1,162
Courier & postage	-	-	-	-	244
SAGE subscription	-	-	-	-	240
TV licence renewal	-	-	-	-	155
Statutory bond	-	-	-	-	140
Searches	-	-	-	-	3
<b>Total</b>	<b>918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,481</b>

N.B. (1) - Costs incurred are shown exclusive of VAT.

N.B. (2) - Total costs outstanding may include costs incurred in prior periods, but not yet paid.

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. The following Category 2 disbursements have been incurred during the period and the Special Administration:

Description	Obj 1, Cat 2 expenses incurred in period £	Obj 2&3, Cat 2 expenses incurred in period £	Obj 1, Cat 2 expenses paid in period £	Obj 2&3, Cat 2 expenses paid in period £	Total Cat 2 expenses outstanding at period end £
Smith & Williamson Fund Administration Limited (call centre services)	-	-	-	-	12,251
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,251</b>

N.B. (1) - Costs incurred are shown exclusive of VAT.

N.B. (2) - Total costs outstanding may include costs incurred in prior periods, but not yet paid.

N.B. (3) - The total amount of Category 2 disbursements paid during the early stages of the Special Administration was £38,700 plus VAT, as per the JSAs' progress reports dated 5 May and 5 November 2020. The outstanding balance reported in the last progress report of £25,476 was incorrect. The above table confirms the correct balance yet to be drawn by S&W.

In accordance with the Regulations and the Rules, the drawing of Category 2 disbursements is subject to the approval of the Creditors' Committee. At the first meeting of the Creditors' Committee held on 30 January 2020, a resolution was passed approving the extent of Category 2 disbursements referenced in the JSAs' Proposals and a subsequent resolution was passed during this reporting period, on 22 October 2020, approving the Category 2 disbursements referenced in the JSAs' first progress report.

# 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 may 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 previously reported, 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 returnable Client Assets have been Transferred or Distributed 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. Further detail as regards the JSAs' overall strategy is referenced within section 4 of this report.

# 11. Privacy and data protection

As part of our role as JSAs, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at [www.smithandwilliamson.com/rsgdpr](http://www.smithandwilliamson.com/rsgdpr).

If you are unable to download this, please contact the JSAs' office and a hard copy will be provided free of charge.

To the extent that you hold any personal data on the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

Insolvency practitioners at S&W are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

# 12. Creditors' rights

Creditors and Clients 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 the permission of the court) or Client (with the concurrence of at least 5% in value of the Client assets including the Client in question) may request in writing that the JSAs provide further information about their remuneration or expenses which have been itemised in the report.
- Any secured creditor or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditor including the creditor in question or the permission of the court) or Client (with the concurrence of at least 10% in value of the total claims in respect of 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, in all the circumstances, the basis fixed for the JSAs' is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the JSAs, as set out in the report, are excessive.

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 S&W'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](mailto: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

## 13. Next report

The JSAs are required to provide a progress report within one month of the end of the next six months of the Special Administration or earlier if the Special Administration has been finalised.

Regular updates to Clients will be provided, as and when appropriate, and uploaded to the Website.

You may request a hard copy of any of the documents available on the Website, which will be provided at no cost, by:

- **Telephone:** 0800 048 9512
- **Email:** [clientservices@reyker.com](mailto:clientservices@reyker.com)
- **Post:** Reyker Securities plc (in special administration), 25 Moorgate, London, EC2R 6AY.

For and on behalf of the Company



Mark Ford  
Joint Special Administrator  
Date: 5 May 2022



# 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 JSAs	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/Removed</u>	<u>Shares</u>
	Adrian Barwell	31 August 2012	-	41.77%
	Katie McGinley	28 June 2017	2 December 2019	
Directors (last 3 years)	Philippa Brown	1 February 2006	19 September 2018	10.10%
Company Secretary	Katie McGinley	13 April 2018	2 December 2019	
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%
	<b>Total</b>	<b>728,144</b>		<b>100%</b>



# B. Summary of the JSAs' Proposals

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Proposals generic to the Special Administration:

- a) THAT they [the JSAs] continue to manage the Company's affairs, business and property as they see fit in order to pursue the Special Administration's Objectives, being:
- 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;

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.

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.

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.



## C. JSAs' receipts and payments

Est. to Realise	8 Oct 2021 to 7 April 2022		8 October 2019 to 7 April 2022	
	House	Objective 1	House	Objective 1
	Accounts	Accounts	Accounts	Accounts
£	£	£	£	£
<b>RECEIPTS</b>				
Financial Services Compensation Scheme	-	-	-	13,789,561.00
Repayable Loan Facility	-	-	-	2,600,000.00
Share of Costs - Custody Assets	0.00	17,500.00	-	45,000.00
Bank Interest Gross	12.19	33.48	66,555.20	1,342.12
24,369.10 Book Debts	-	-	62,671.65	-
51,812.15 Cash at Bank	-	-	51,812.15	-
Corporate Action Fees	-	-	44,397.50	-
Third Party Claims	25,000.00	-	25,000.00	-
Fees re the early return of CAI	-	-	12,240.00	-
55,403.56 Employee & Shareholder Loans	-	-	7,379.58	-
34,792.00 Prepayments & other deposits	-	-	4,160.69	-
Cash held by Solicitors	-	-	1,680.00	-
45,000.00 Office Furniture & Equipment	-	-	1,680.00	-
Sundry Refunds	-	63.76	303.34	63.76
	25,012.19	17,597.24	277,880.11	16,435,966.88
<b>PAYMENTS</b>				
JSAs' Fees & Expenses (Custody Assets)	-	(191,654.17)	-	(4,386,121.61)
Repayable Loan Facility Redemption	-	-	-	(3,725,128.30)
Irrecoverable VAT	-	(127,462.37)	(3,980.48)	(1,694,702.23)
Agents' Fees & Expenses	-	(147,227.59)	(7,186.41)	(1,301,301.37)
JSAs' Fees & Expenses (Client Money)	-	(32,715.48)	-	(1,165,699.17)
Staff Costs (incl. Salaries, PAYE and Pensions)	-	(99,040.99)	-	(968,437.41)
IT Suppliers	-	(104,066.65)	-	(534,888.02)
Property Costs	-	(72,231.52)	-	(488,006.17)
Legal Fees & Expenses (Custody Assets)	-	(67,294.00)	-	(358,277.03)
Custody Fees - Custody Assets	-	(93,505.59)	-	(316,421.33)
Structured Products Transfer Cost	-	-	-	(250,000.00)
Development of reykeradmin.com	-	(39,332.94)	-	(232,599.24)
Legal Fees & Expenses (Client Money)	-	(2,720.00)	-	(226,193.20)
Statutory Costs (incl. Printing)	-	(15,124.05)	(1,042.00)	(210,224.16)
Pre-appointment Fees & Expenses	-	(32,706.25)	-	(162,701.83)
Distribution Costs - Client Money	-	(4,014.40)	-	(72,746.98)
Insurance	-	(2,494.65)	-	(48,155.47)
Telephone & Internet	-	(3,477.43)	-	(37,490.19)
Pre-appointment Custody Fees	-	-	-	(31,640.70)
General Suppliers	-	(262.40)	-	(29,536.24)
Staff Benefits & Expenses	-	(4,065.39)	(354.00)	(28,840.94)
Client Tracing	-	(1,029.00)	-	(22,218.89)
Irrecoverable US Tax	-	-	-	(10,574.01)
Bank Charges	-	(67.20)	(2.45)	(536.55)
Petty Cash	-	-	-	(400.00)
Subscriptions	-	-	-	(120.00)
Legal Fees - Corporate Actions	-	-	(12,049.00)	-
	0.00	(1,040,492.07)	(24,614.34)	(16,302,961.04)
<b>Balances in Hand</b>	<b>25,012.19</b>	<b>(1,022,894.83)</b>	<b>253,265.77</b>	<b>133,005.84</b>
<b>REPRESENTED BY</b>				
FSCS Trust Account			-	88,005.84
Share of Costs Collection Acct			-	45,000.00
Corporate Action Fees Account			42,209.49	-
General House Account			211,056.28	-
			<b>253,265.77</b>	<b>133,005.84</b>



## Client Money receipts & payments for the period 8 October 2021 to 7 April 2022

CLIENT MONEY - PRIMARY POOL	GBP	AUD	CAD	CHF	DKK	EUR	JPY	NOK	PLN	SEK	USD	ZAR
Balance brought forward - 8 October 2021	9,359,897	3,341	16	20,064	-	1,445,299	5,874	41	0	193,145	360,910	70,222
<b>RECEIPTS</b>												
Returned Client Money Distributions	84,919	2,812	-	9	-	1,326	-	-	-	-	63	-
Commissions due to the Company	34	-	-	-	-	-	-	-	-	-	-	-
Refund of bank charges	-	-	34	-	-	-	-	-	-	-	-	-
Settlement receipts relating to pre-administration trades	21,000	-	-	-	-	-	-	-	-	-	-	-
	105,953	2,812	34	9	-	1,326	-	-	-	-	63	-
<b>PAYMENTS</b>												
Client Money Distributions to Clients	(7,085,245)	(2,884)	(46)	(8,333)	-	(970,365)	(5,360)	(41)	-	(70,242)	(219,948)	(62,029)
Bank Charges	(617)	(22)	-	(245)	-	(789)	-	-	-	-	(412)	-
	(7,085,863)	(2,906)	(46)	(8,578)	-	(971,154)	(5,360)	(41)	-	(70,242)	(220,360)	(62,029)
<b>Balances to hand</b>	<b>2,379,988</b>	<b>3,246</b>	<b>4</b>	<b>11,495</b>	<b>0</b>	<b>475,471</b>	<b>514</b>	<b>0</b>	<b>0</b>	<b>122,903</b>	<b>140,613</b>	<b>8,193</b>
<b>CLIENT MONEY - POST POOLING ACCOUNTS</b>	<b>GBP</b>	<b>AUD</b>	<b>CAD</b>	<b>CHF</b>	<b>DKK</b>	<b>EUR</b>	<b>JPY</b>	<b>NOK</b>	<b>PLN</b>	<b>SEK</b>	<b>USD</b>	<b>ZAR</b>
Balance brought forward - 8 October 2021	2,736,247	528	-	-	-	6,643	-	-	-	-	117,695	-
<b>RECEIPTS</b>												
Corporate Action Income (including dividends and coupons)	600,798	681	-	162	-	9,990	60,388	-	-	374,525	142,739	-
Returned Transfers / Distributions	16,363	-	-	-	-	-	-	-	-	-	312	-
FX conversions	40,878	-	-	-	-	-	-	-	-	-	-	-
	658,038	681	-	162	-	9,990	60,388	-	-	374,525	143,051	-
<b>PAYMENTS</b>												
Transfers / Distributions of Corporate Action Income	(1,833,713)	-	-	-	-	(11,399)	-	-	-	(163,240)	(137,158)	-
Share of Costs paid from Corporate Action Income	(10,000)	-	-	-	-	-	-	-	-	0	0	-
FX conversions	-	-	-	-	-	(27)	(60,388)	-	-	0	(56,928)	-
Bank Charges	(92)	-	-	-	-	(1)	0	-	-	0	(75)	-
	(1,843,805)	-	-	-	-	(11,427)	(60,388)	-	-	(163,240)	(194,161)	-
<b>Post-pooling balances to hand</b>	<b>1,550,480</b>	<b>1,210</b>	<b>-</b>	<b>162</b>	<b>-</b>	<b>5,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,285</b>	<b>66,585</b>	<b>-</b>
<b>Total cash resource as at 7 April 2022</b>	<b>3,930,468</b>	<b>4,456</b>	<b>4</b>	<b>11,657</b>	<b>-</b>	<b>480,676</b>	<b>514</b>	<b>-</b>	<b>-</b>	<b>334,187</b>	<b>207,198</b>	<b>8,193</b>



## Notes and further information required by SIP 7

1. All House and Client Money bank accounts are interest bearing.
2. Funds received into the Objective 1 account from the Repayable Loan Facility and FSCS compensation deed 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) with any surplus to be made available to the Company's Creditors.
4. Client Money within the CMP is held separately to both House Assets and the Objective 1 funding account in designated Client accounts and held on trust for Clients.
5. Client Money received following the PPE (known as CAI) is held in Post Pooling Accounts and segregated from the CMP, House Assets, the Repayable Loan Facility and compensation advanced by the FSCS under the compensation deed.
6. Unless otherwise stated, all amounts in the receipts and payments accounts 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 did not draw any further funds under the FSCS Compensation Deed during the reporting period. As at the end of the period, funds advanced under the FSCS Compensation Deed remained £13.8 million. These funds are an advance of compensation due to FSCS Protected Claimants in respect of their Share of the Costs of returning Custody Assets and / or Client Money and may only be used to defray the associated costs of pursuing Objective 1 as they fall due.



## D. Expenses incurred by the JSAs

Name of professional advisor	Services	Obj 1	Obj 2 & 3	Total	Costs paid			
		costs incurred in the period	costs incurred in the period	costs incurred in the period	Total costs incurred	in the period	Total Costs paid	Costs outstanding
		£	£	£	£	£	£	£
Foot Anstey LLP	Legal advice	23,547	5,570	29,117	892,734	67,294	454,061	438,673
Foot Anstey LLP	Legal expenses	-	-	-	1,314	-	1,314	-
South Square	Legal counsel	3,230	-	3,230	131,325	2,720	128,095	3,230
Farrer & Co LLP	Legal advice	-	-	-	1,000	-	1,000	-
Seneca Partners Ltd	Marketing and assistance with sale of business and assets	-	-	-	199,015	-	199,015	-
Hilco Appraisal Ltd	Valuation and sale of chattel assets	-	250	250	7,436	-	7,186	250
ERA Solutions Ltd	Employee claim assistance	-	-	-	1,470	-	-	1,470
SAR and other experienced consultants (incl. Granite Star Consultancy Ltd)	Various consultancy services regarding the return of Custody Assets and Client Money	104,665	-	104,665	576,744	104,665	576,744	-
Fourthline Ltd	SAR and CASS recruitment	-	-	-	188,674	-	188,674	-
Arthur Financial Ltd	IT recruitment	-	-	-	4,500	-	4,500	-
Claret Recruitment Ltd	Safe Custody recruitment	42,072	-	42,072	339,558	42,072	339,558	-
MHR International	Payroll service	491	-	491	2,910	491	2,910	-
CAPA	Business rates review	-	-	-	-	-	-	-
Marsh	Insurance brokers	2,495	-	2,495	15,968	2,495	15,968	-
Bartlett & Co. Ltd	Insurance brokers	-	-	-	32,188	-	32,188	-
Twenty Recruitment	IT recruitment	39,333	-	39,333	85,999	39,333	85,999	-
Fusion Technology Solutions Ltd	IT support and maintenance	34,808	-	34,808	137,369	34,808	137,369	-
<b>TOTAL</b>		<b>250,640</b>	<b>5,820</b>	<b>256,459</b>	<b>2,618,203</b>	<b>293,877</b>	<b>2,174,580</b>	<b>443,623</b>

N.B. (1) - Costs incurred are shown exclusive of VAT.

N.B. (2) - Total costs outstanding may include costs incurred in prior periods, but not yet paid.

N.B. (3) - Costs are paid from either the Objective 1 Account (now referred to as FSCS Trust Account following repayment of the Repayable Loan Facility) or the House Accounts depending on the nature of work done. All payments during the report period are disclosed in Appendix C.

N.B. (4) The JSAs select professional advisers (such as agents and solicitors) on the basis of balancing a number of factors, including (but not limited to) their expertise, the nature of the assignment and fee structures, and that external professional advisers are third party entities. The JSAs and their firm do not have any association with any external provider of services and, therefore, they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in SIP 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense (as defined within SIP 9) and do not require prior approval from the Creditors' Committee.



# E. JSAs' time costs from 8 October 2021 to 7 April 2022

## Summary

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

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			
<b>Objective 1: Client Monies</b>								
Storage & back up of client data	2.33	-	1.17	7.63	-	11.13	£4,506.40	£404.77
Strategy & planning	1.67	-	5.15	4.58	-	11.40	£5,500.64	£482.51
Client Communications	4.88	-	41.75	186.20	-	232.83	£82,076.94	£352.51
Liaison with the committee	7.08	-	0.50	2.55	-	10.13	£6,360.75	£627.70
Client identification / tracing	2.50	-	8.03	27.50	-	38.03	£13,704.04	£360.32
Reconciliations	-	-	0.75	-	-	0.75	£393.75	£525.00
Transfers / Returns / Sale	51.55	-	344.55	18.27	-	414.37	£225,618.87	£544.49
Trading matters	11.57	0.38	38.57	34.33	-	84.85	£40,221.67	£474.03
Reporting	-	-	9.50	-	-	9.50	£4,987.50	£525.00
<b>Total</b>	<b>81.58</b>	<b>0.38</b>	<b>449.97</b>	<b>281.07</b>	<b>-</b>	<b>813.00</b>	<b>£383,370.57</b>	<b>£471.55</b>
<b>Objective 1: Custody Assets</b>								
Storage & back up of client data	8.87	0.20	21.72	13.63	-	44.42	£18,511.25	£416.76
Strategy & planning	9.98	-	24.42	9.72	-	44.12	£23,298.05	£528.10
Client Communications	53.55	0.22	45.17	800.22	-	899.15	£302,383.78	£336.30
Liaison with the committee	25.33	-	7.33	7.50	-	40.17	£24,468.85	£609.18
Reconciliations	2.25	-	1.00	-	-	3.25	£2,212.50	£680.77
Post pooling monies	-	-	71.48	2.20	-	73.68	£38,071.23	£516.69
Corporate actions	-	-	-	0.30	-	0.30	£101.25	£337.50
Transfers / Returns / Sale	186.65	330.50	29.35	52.23	-	598.73	£375,180.61	£626.62
Trading matters	36.87	7.50	149.48	116.97	-	310.82	£147,350.64	£474.08
Reporting	-	-	35.50	2.67	-	38.17	£19,462.51	£509.93
<b>Total</b>	<b>323.50</b>	<b>338.42</b>	<b>385.45</b>	<b>1,005.43</b>	<b>-</b>	<b>2,052.80</b>	<b>£951,040.68</b>	<b>£463.29</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>								
<b>Total</b>	<b>3.83</b>	<b>-</b>	<b>-</b>	<b>11.95</b>	<b>-</b>	<b>15.78</b>	<b>£6,908.10</b>	<b>£437.68</b>
<b>Objective 3: Company ("House")</b>								
Administration & planning	3.40	3.25	13.33	7.18	-	27.17	£13,135.31	£483.51
Investigations	9.33	8.95	-	0.48	-	18.77	£11,582.08	£617.17
Realisation of assets	-	-	0.20	-	-	0.20	£105.00	£525.00
Creditors	-	-	1.00	-	-	1.00	£525.00	£525.00
Corporate Tax	2.25	-	-	-	-	2.25	£2,671.88	£1,187.50
<b>Total</b>	<b>14.98</b>	<b>12.20</b>	<b>14.53</b>	<b>7.67</b>	<b>-</b>	<b>49.38</b>	<b>£28,019.26</b>	<b>£567.38</b>
<b>Grand Total</b>	<b>423.90</b>	<b>351.00</b>	<b>849.95</b>	<b>1,306.12</b>	<b>-</b>	<b>2,930.97</b>	<b>£1,369,338.60</b>	<b>£467.20</b>



# Detailed narrative of tasks undertaken during the report period

## Objective 1: Client Money

### Storage & back up of Client data

- Collating and organising Client records received during the Special Administration for storage;
- Work undertaken to safeguard Client records as part of the migration to a cloud-based system and decommissioning the Company's servers, to include managing the process of organising and transferring data to Microsoft Sharepoint;
- Planning meetings with Manresa and Fusion re data transfer and new back-up solutions;

### Strategy & planning

- Internal meetings and discussions regarding the options available for closing the CMP, timing of a Court application for a Hard Bar Date, Client tracing and planning around the second interim distribution;
- Internal meetings for team members, Reyker employees and contractors to provide updates so that new workstreams may be allocated and progress reviewed;
- Internal team meetings regarding preparation for the second interim Client Money distribution.

### Client communications

- Providing notice of the second interim distribution of Client Money;
- Drafting website updates regarding the declaration and progress of the second interim distribution;
- Responding to Client queries regarding the distribution of Client Money by post, email and by phone.
- Preparing several post and email communications to Clients, including:
  - Notice to Clients who are yet to submit a previously submitted 'hold' instruction on their CMIF;
  - Requests for additional bank account information as part of the verification and distribution process; and
  - Requests for assistance where a Clients' own choice of broker to receive Client Money has not engaged or provided the requisite transfer form.
- Regular briefing sessions with client services so they are well prepared to assist with the various lines of enquiry being received by Clients and to provide an opportunity to feedback other matters arising from Client queries.
- Drafting formal responses to Client queries escalated by client services as requiring a written response from the JSAs.
- Issuing paper copy claim forms and CMIFs to Clients on request.
- Uploading paper copy CMIFs or instructions received via email to the Portal.
- Review of Client addresses and updating reykeradmin.com database.
- Reviewing and manually verifying Client bank account details where required.
- Preparing and providing tax certificates upon request.
- Reviewing Client death certificates and liaising with executors as necessary.
- Updating FCA and FSCS regarding progress and timescales of the second Client Money distribution and application for a Hard Bar Date.
- Planning for developing the Portal to include a statement of account for all Clients, to include confirming the quantum of Client Money distributed to date and the residual balance held within the CMP.

### Liaison with the Creditors' Committee

- Ad hoc emails and reports to the members of the Creditors' Committee at key milestones regarding progress regarding the return of Client Assets.
- Preparing for and holding two formal meetings of the Creditors' Committee.
- Documenting proceedings of the meeting, to include detailed minutes of matters discussed relating to the return of Client Assets.

### Client identification / tracing

- Review of Clients that have not yet submitted a claim to Client Money and/or a CMIF.
- Planning and implementing additional measures to supplement the previous Client tracing program.
- Liaising with our legal advisors, FSCS and FCA regarding the cost, content and progress of the additional client tracing efforts.
- Monitoring the rate of new claims to Client Money being received.



## Reconciliations

- Review of Client Money Reconciliation and discussions with safe custody regarding outstanding items.

## Transfers / returns / sale

- Declaring and processing the second interim Client Money distribution, to include review of Client Money instructions received and processing payments in conjunction with Reyker's safe custody team.
- Review of documentation received and verifying additional UK and international bank accounts designated by Clients to receive Client Money.
- Liaising with alternative brokers nominated by Clients to accept Client Money.
- Donating funds to NHS Charities Together where instructed by Clients.
- Regular meetings with Reyker staff regarding the return of Client Money.
- Considering ISA related matters and liaising with HMRC.
- Liaising with the FSCS regarding Client eligibility for compensation regarding the associated costs of distributing Client Money.
- Considering and taking legal advice regarding the timing of an application to Court for a Hard Bar Date to close the CMP and pay a final distribution of Client Money.

## Trading matters (including funding)

- Regular review of critical operations, suppliers and cost base.
- Monitoring and updating the trading cashflow and projections.
- Preparing financial reports and funding requests to FSCS under the FSCS compensation deed.
- Managing and consulting with employees and contractors.
- Administering the Company's payroll, including associated tax and pension matters.
- Ensuring contractual benefits offered to employees and relevant insurances remain in place.
- Maintaining appropriate insurance policies.
- Attending to supplier queries and correspondence.
- Raising, approving and monitoring purchase orders.
- Negotiating terms of continued supply (where necessary) to ensure services are provided at a competitive cost.
- Ensuring regulatory and control functions, as required by the FCA, are fulfilled.
- Reviewing HR and health and safety requirements following COVID-19 and government directions.
- Liaising with IT and data providers to ensure continuity of services.
- Ongoing review of resource requirements, including employees, contractors and suppliers.
- Provision of references for former employees of the Company.
- Responding to queries of former employees regarding their employment during the Special Administration.
- Further development and testing of 'reykeradmin.com', the new, cloud-based software platform which integrates the Client database, Portal and safe custody function to improve data-handling, reporting and maintenance.
- Review of daily reconciliations of Client Money prepared by safe custody and submission to the FCA.

## Reporting

- Drafting parts of the fourth statutory progress report to Clients and Creditors (period ended 7 October 2021) on matters relating to Client Money.

## Objective 1: Custody Assets time costs

### Storage & back up of Client data

- Same as for Client Money (see above).

### Strategy & planning

- Internal meetings and discussions regarding the strategy for the return of Custody Assets and CAI to Nominated Brokers and other brokers nominated by opt-out Clients and those without a Nominated Broker.
- Meetings with the JSAs' legal advisors and safe custody team regarding the Transfer and Distribution of Custody Assets and CAI.



- Internal meetings to discuss assets that may be Non-Returnable Client Assets and potential brokers to approach regarding Child Trust Funds and Innovative Finance ISAs where Clients have not yet designated their own choice of brokers.
- Meetings with Reyker staff and contractors to discuss Transfer and Distribution of physical certificates.
- Internal meetings for team members to provide updates internally and so that new workstreams maybe allocated and progress reviewed.

#### Client communications

- Drafting announcements and regular updates regarding the Transfer and Distribution of Custody Assets and CAI and publishing on the Website.
- Responding to Client queries by post, email and by phone, regarding the Transfer and Distribution of Custody Assets and CAI generally.
- Team meetings to brief the Company's staff and S&W staff following Client updates and circulars.
- Liaising with Clients who are not FSCS Protected Claimants with regard to their Share of Costs.
- Review of Client addresses and updating reykeradmin.com database.
- Preparing and providing tax certificates upon request.
- Reviewing Client death certificates and liaising with executors as necessary.

#### Liaison with the Creditors' Committee

- Same as for Client Money (see above).

#### Reconciliations

- Review and investigation of asset breaks on the Custody Asset reconciliation and taking appropriate steps to clear.

#### Post Pooling monies

- Daily sweeps of CAI received on Custody Assets (e.g. dividends, coupon payments and redemptions) to designated Post Pooling Accounts.
- Reconciliation of CAI received into Post Pooling accounts and reporting to the FCA.
- Liaising with registrars to obtain further information regarding unidentified dividend/coupon receipts
- Periodic sweeps of CAI to the Nominated Brokers.
- Review of internal checklists and sweeps of CAI to alternative brokers designated by opt-out Clients or holders of CTFs or IF ISAs following the Distribution of their Custody Assets.

#### Corporate Actions

- Investigations into mandatory corporate action and funds received

#### Transfers / returns / sale

- Maintaining all requisite settlement platforms and sub-custodian systems for the Transfers and Distribution of Custody Assets (e.g. CREST).
- Liaising with Clients, Nominated Brokers, other brokers, sub-custodians, fund managers, Investment Managers and IFAs for the preparation and execution of Transfers and Distributions of Custody Assets from various locations (including stock held in electronic, paper and statement form).
- Review of internal checklists prepared by Reyker staff and contractors for approval of prepared Transfers and Distributions.
- Verifying data exported from the Portal and reykeradmin.com to confirm the Custody Assets and quantities which were to be Transferred or Distributed and to which Nominated Broker or broker.
- Improvements to reykeradmin.com to assist the Transfer and Distribution of Custody Assets.
- Worked with Clients, Investment Managers and the FSCS to ensure that all FSCS Protected Claimants were identified and eligibility confirmed.
- Safeguarding physical share certificates.
- Collated, logged and processed stock transfer forms as received from brokers with regard to the Distribution of Custody Assets for opt-out Clients or those without a Nominated Broker.
- Continued working with Investment Managers representing significant groups of Clients that had opted out of their Transfer to complete a bulk Distribution of their Clients respective Custody Assets as soon as possible.



### Trading matters

- Same as for Client Money (see above).

### Reporting

- Drafting parts of the fourth statutory progress report to Clients and Creditors (period ended 7 October 2021) on matters relating to Custody Assets and CAI.

### Objective 2: Liaison with Regulatory bodies

- Worked with market infrastructure bodies and the Authorities to facilitate their proposed actions to minimise the disruption to other businesses and markets as a result of the Special Administration.
- Responding to FCA's queries relating to an investigation into a Reyker client.

### Objective 3: Winding up the Company's affairs

#### Administration & Planning

- Administrative filing of statutory documents in accordance with the Rules and Regulations, including the JSAs' fourth progress report.
- Formulating, monitoring and reviewing the Special Administration strategy as it relates to House Assets and creditors, including internal and external meetings.
- Planning S&W staff resource and briefing on the Special Administration strategy as it relates to House Assets and creditors.
- Complying with internal filing policies and industry best practice, to include documenting strategic decisions.
- Review of time cost data to ensure accurate posting of time between the various workstreams and the Objectives.
- Updating checklists and diary management system.
- Undertaking statutory six-month case reviews.
- Monitoring case bordereau.

#### Investigations

- Concluding investigations into the Company's affairs and claims that may be brought against third parties for the benefit of the Company's creditors.
- Marketing the potential sale of third-party claims to interested parties.
- Concluding the sale of claims against third parties to an AIM-listed and market leading litigation house.

#### Realisation of assets

- Bank reconciliation and remittance advice regarding funds received from the sale of third-party claims.

#### Creditors

- Correspondence and telephone calls with Creditors.
- Issuing a letter advising creditors of the fourth progress report (for the period ended 7 October 2021) being available to review online.



# F. JSAs' total time costs from 8 October 2019 to 7 April 2022

## Summary

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

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			
<b>Objective 1: Client Monies</b>								
Storage & back up of client data	7.08	-	9.50	13.38	-	29.97	£11,293.47	£376.87
Strategy & planning	35.42	1.00	74.13	11.87	-	122.42	£60,987.92	£498.20
Client Communications	92.37	4.50	562.67	841.30	19.05	1,519.88	£558,656.80	£367.57
Liaison with the committee	40.33	11.70	43.80	2.55	-	98.38	£53,843.49	£547.28
Client statements	3.60	5.50	39.20	4.45	-	52.75	£25,375.50	£481.05
Client identification / tracing	19.92	5.00	67.85	42.62	-	135.38	£56,046.25	£413.98
Reconciliations	7.85	5.20	10.75	71.15	-	94.95	£22,793.25	£240.06
Transfers / Returns / Sale	184.45	9.95	1,039.42	18.77	-	1,252.58	£660,685.55	£527.46
Trading matters	42.40	1.78	289.37	85.02	-	418.57	£195,341.59	£466.69
Reporting	0.75	1.00	26.45	1.50	-	29.70	£13,426.23	£452.06
<b>Total</b>	<b>434.17</b>	<b>45.63</b>	<b>2,163.13</b>	<b>1,092.60</b>	<b>19.05</b>	<b>3,754.58</b>	<b>£1,658,450.07</b>	<b>£441.71</b>
<b>Objective 1: Custody Assets</b>								
Storage & back up of client data	27.62	0.20	30.38	80.97	-	139.17	£46,062.09	£330.98
Strategy & planning	104.63	15.25	244.70	78.92	-	443.50	£204,969.29	£462.16
Client Communications	480.42	44.02	1,415.20	2,605.30	54.05	4,598.98	£1,735,308.07	£377.32
Liaison with the committee	134.33	39.30	169.32	8.25	-	351.20	£188,484.53	£536.69
Client statements	26.70	0.65	126.60	3.00	-	156.95	£75,885.25	£483.50
Client identification / tracing	18.35	0.50	36.85	7.00	-	62.70	£29,103.75	£464.17
Reconciliations	58.77	9.00	41.88	193.80	-	303.45	£90,299.60	£297.58
Open trades	24.70	28.50	2.50	-	-	55.70	£32,972.50	£591.97
Post pooling monies	12.65	54.20	389.45	5.65	-	461.95	£228,463.43	£494.56
Corporate actions	29.20	94.40	31.40	1.65	-	156.65	£86,868.50	£554.54
Transfers / Returns / Sale	1,151.97	1,817.55	551.93	68.63	-	3,590.08	£2,174,112.99	£605.59
Trading matters	170.70	57.95	1,022.55	482.82	-	1,734.02	£771,179.56	£444.74
Data Subject Access Requests	0.25	-	22.92	0.67	-	23.83	£8,912.20	£373.94
Reporting	1.20	12.00	84.38	5.53	-	103.12	£49,022.19	£475.41
<b>Total</b>	<b>2,241.49</b>	<b>2,173.52</b>	<b>4,170.07</b>	<b>3,542.18</b>	<b>54.05</b>	<b>12,181.30</b>	<b>£5,721,643.94</b>	<b>£469.71</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>								
<b>Total</b>	<b>89.65</b>	<b>7.00</b>	<b>28.85</b>	<b>45.88</b>	<b>-</b>	<b>171.38</b>	<b>£93,721.52</b>	<b>£546.85</b>
<b>Objective 3: Company ("House")</b>								
Administration & planning	28.42	37.27	103.30	109.48	-	278.47	£110,873.77	£398.16
Investigations	33.67	134.18	18.30	47.38	-	233.53	£111,811.53	£478.78
Realisation of assets	2.15	12.50	14.15	9.95	-	38.75	£18,290.88	£472.02
Creditors	1.85	1.10	26.00	10.05	0.20	39.20	£15,928.00	£406.33
Corporate Tax	9.65	-	-	-	-	9.65	£7,740.13	£802.09
<b>Total</b>	<b>75.73</b>	<b>185.05</b>	<b>161.75</b>	<b>176.87</b>	<b>0.20</b>	<b>599.60</b>	<b>£264,644.30</b>	<b>£441.37</b>
<b>Grand Total</b>	<b>2,841.03</b>	<b>2,411.20</b>	<b>6,523.80</b>	<b>4,857.53</b>	<b>73.30</b>	<b>16,706.87</b>	<b>£7,738,459.82</b>	<b>£463.19</b>



# G. Staffing, charging policies and charge out rates

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## Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers
  - Expense recovery
- Smith & Williamson LLP's current charge out rates

## Staff allocation and the use of subcontractors

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.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required and where this will add best value and service.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

## 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 best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations;
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained. External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2



expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

## Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense 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 expenses 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 expenses incurred and/or recovered in the Special Administration are set out in the body of this report.

## Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to Creditors and Clients at the time the basis of the special administrators' remuneration was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2020.

Charge out rates from 1 July 2019	Restructuring & Recovery Services £/hr	Assurance & Business Services £/hr	Forensic Accounting £/hr	Corporate Tax £/hr
Partner / Director	440 - 675	n/a	480 - 675	575 - 715
Associate Director	440 - 550	396	n/a	n/a
Managers	240 - 475	190	410 - 475	245 - 400
Other professional staff	225 - 475	130 - 265	240 - 475	115 - 265
Support & secretarial staff	80 - 125	n/a	n/a	n/a

Charge out rates from 1 July 2020	Restructuring & Recovery Services £/hr	Assurance & Business Services £/hr	Forensic Accounting £/hr	Corporate Tax £/hr
Partner / Director	620 - 710	n/a	480 - 675	625 - 740
Associate Director	465 - 580	n/a	n/a	n/a
Managers	360 - 500	n/a	n/a	270 - 430
Other professional staff	235 - 315	315	195 - 475	95 - 280
Support & secretarial staff	130	n/a	n/a	n/a



Charge out rates from 1 July 2021	Restructuring & Recovery Services £/hr	Assurance & Business Services £/hr	Forensic Accounting £/hr	Corporate Tax £/hr
Partner / Director	650 - 750	n/a	475	n/a
Associate Director	488 - 580	n/a	n/a	n/a
Managers	375 - 525	n/a	n/a	n/a
Other professional staff	175 - 338	250-315	280	n/a
Support & secretarial staff	130	n/a	n/a	n/a

Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units 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.



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