



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

Update for Clients and other stakeholders 4 June 2021

This is an update for Clients and other stakeholders affected by the Special Administration of the Company. It sets out updated details on the return of Client Money and Custody Assets belonging to the Clients of the Company.

IMPORTANT UPDATE FOR CLIENTS WITH CUSTODY ASSETS & CORPORATE ACTION INCOME THAT DID NOT OPT OUT OF THE TRANSFER TO A NOMINATED BROKER

The JSAs are pleased to advise that the transfer of Custody Assets Corporate Action Income and Pre-Pooling Cash (for those Clients that had selected, in Summer 2020, for their 85% of Pre-Pooling Cash to be sent to their Nominated Broker once confirmed) is still progressing well. The progress of transferring Client Custody Assets, as measured as a % of transferable stocks, as at 4 June 2021 is summarised in the table below.

Nominated Broker	Total stock lines to transfer	% of stock lines transfers completed or instructions issued (where possible)
James Brearley	25,682	99%
Kin Capital	10,651	100%
Logic Investments	1,938	86%
Pershing Securities	5,432	100%
Thompson Taraz	5,029	94%
Total	<u>48,732</u>	<u>98%</u>

Although the process of transferring the remaining assets will still take some time, I am pleased to set out some more information about the transfer process for below. Clients should consider the % transferred to any given broker as, primarily, a reflection on the complexity of the asset or its transfer mechanics.

IMPORTANT UPDATE FOR CLIENTS WITH CUSTODY ASSETS & CORPORATE ACTION INCOME THAT DID OPT OUT OR DID NOT HAVE A NOMINATED BROKER

The JSAs have undertaken significant preparatory planning for the forthcoming Distribution of Custody Assets to Clients that opted out of a Nominated Broker Transfer and those who do not have a Nominated Broker (i.e. CTFs or Clients residing in certain jurisdictions). The JSAs have been liaising with the named brokers in respect of the larger grouping of transfers and will provide a further update to these Clients in the next few weeks.

The JSAs will also shortly be writing to Clients who opted out but have not yet identified their new broker on their CARS to request instructions and in the meantime encourage Clients who have not already provided details of their selected broker to do so via the Portal as soon as possible.





This information applies to all Clients with Custody Assets transferring to a Nominated Broker

The transfer of Custody Assets to the Nominated Brokers continues to progress well although it may take several weeks for some securities to transfer and, in exceptional circumstances, possibly months.

Transfer status	Transfers to Nominated Brokers by stock location							
	Crest	Kas Bank	Aegon / Cofunds	Allfunds	Fund Manager	Residual (Paper)	Dual location	Total
Transferred / Instructed	17,680	2,775	1,711	257	3977	21,367	32	47,799
Not yet transferred	3	75	-	-	273	621	1	973
Total	17,683	2,850	1,711	257	4,250	21,988	33	48,772
% completed / instructed	100%	97%	100%	100%	94%	97%	97%	98%

Transfers of electronically held securities

The overwhelming majority of electronically held securities have now been transferred and should be showing in Client's accounts.

A very small number of securities have not yet been transferred and we are working with James Brearley ("JB") and CACEIS (formerly KAS Bank) and are hopeful these issues will be resolved in the very near future.

Corporate Action Income (Post Pooling)

All CAI received up to 18 March 2021 (previously 14 December 2020) and due to Transfer to a Nominated Broker has now been processed. The JSAs intend to action a further sweep of any CAI received up to 1 May 2021 to the Nominated Brokers during June 2021, and periodically thereafter.

Securities held in statement format with various Fund Managers

The JSAs, JB and Logic continue to work in re-registering all fund positions in the coming weeks and anticipate that the majority of these will be reflected in client accounts by the end of Spring 2021. Clients should note that the re-registration process requires action to be taken by third party Fund Managers that may currently be working to a reduced capacity due to COVID, so some transfers may take longer than others. The JSAs anticipate that the majority of these Custody Assets will be transferred and reflected in clients' new broker accounts in the near future, although some fund managers require additional due diligence prior to settling transfer requests, which the JSAs continue to strive to provide.

Paper certificates held in Reyker's safe custody

The transfer of Paper (certificated) holdings is underway and these will be transferred as soon as possible. Clients should please note that the re-registration process requires action to be taken by third party registrars that may currently be working to a reduced capacity due to COVID so some transfers may take longer than others. In some cases, Fund Managers are not processing the transfer instructions or responding adequately to the JSAs enquiries in order to facilitate the transfer. However, the JSAs anticipate that the majority of these Custody Assets will be transferred and reflected in clients' new broker accounts by the end of Spring 2021, although this work remains ongoing to re-register the final assets held in residual format.





Pre-Pooling Client Money (August 2020 Distribution)

Clients that confirmed their previous instruction to transfer Pre-Pooling Client Money to their Nominated Broker have had their funds transferred and this amount should be visible in your new broker account. Clients that have not yet made this confirmation, via the Portal, should confirm their instructions as soon as possible.

IMPORTANT UPDATE FOR CLIENTS WITH CLIENT MONEY

The JSAs are continuing to take steps to try to obtain instructions from all Clients who have not yet provided instructions in respect of their Client Money.

First interim distribution (first phase)

- Clients who submitted a claim to Client Money and a Client Money Instruction Form (CMIF) prior to 7 August 2020 were able to participate in the first phase of the first-interim distribution.
- The JSAs have completed the first phase of the first interim distribution with the exception of approximately 1,180 Client plans where additional information is required from Clients to either:
 - Verify personal bank accounts designated by Clients to receive Client Money (where it was not possible to verify them via the electronic GBG check on the Portal); or
 - Complete the distribution to their own choice of broker which may require additional information or forms to be completed by the Client before the designated broker will take receipt of funds; or
 - Update previously submitted instructions to ‘hold Client Money until the Distribution Plan has been approved’ in order to confirm that their first-interim distribution can now be distributed to their Nominated Broker (or otherwise).

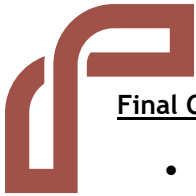
Clients who submitted a CMIF prior to the August 2020 deadline and are yet to receive their first-interim distribution should contact client services (contact details below) to confirm what additional information or action has been requested of you and is still required from you before the distribution may be paid.

Catch up first interim distribution (second phase)

If any Client has not yet submitted a Claim to Client Money or CMIF, this can still be done at any time through the Portal. Before submitting a CMIF, Clients should familiarise themselves with the terms and conditions of the distribution of the CMP which is available in the Client Money Distribution section of this website.

- The JSAs issued a letter in May 2021 providing notice of a “catch-up” first interim distribution for all Clients who did not submit their CMIF in advance of the 7 August 2020 deadline or are still yet to do so.
- As before, the catch-up first interim distribution will mean participating Clients receive 85% of their Client Money or, alternatively, 80% if the respective Client is not a FSCS Protected Claimant (or is yet to be confirmed as such).
- Where Clients originally received only 80% of the first interim distribution and have subsequently been confirmed as being a FSCS Protected Claimant, the catch-up distribution will address this and ensure the additional 5% is distributed accordingly.
- The JSAs have requested Clients submit their CMIF before 17.00 hours on 18 June 2021 in order to ensure they receive their catch-up distribution at the earliest opportunity.
- The JSAs expect the second phase of payments for the first interim distribution to commence shortly following 18 June 2021 and, subject to receipt of complete and accurate information before the deadline, the majority of catch-up distributions should be completed before the end of July 2021.





Final Client Money distribution and closing the Client Money Pool (“CMP”)

- Following the first and second phase of the first interim Client Money distribution, there will remain an outstanding balance of 15% of Client Money for the majority of participating Clients who are FSCS Protected Claimants and 20%, less their share of the CMP distribution costs, for those who are not FSCS Protected Claimants.
- Following legal advice, the JSAs have concluded that a final distribution should not be paid until such time that the CMP has been closed to claims in order to protect Clients, the Company and the JSAs.
- The effect of the CMP being closed is that any Client Money held for a Client who has not submitted a Client Money claim by the time of closure, will cease to be held as Client Money for that Client and will instead be set off against the costs of distributing the CMP. Any Client affected by the closure will, as a result, only have an unsecured claim against the Company. At present, it is anticipated there will be no return for unsecured creditors.
- As no further claims are able to be admitted against the CMP once it is closed, the JSAs can then progress to distribute the final balance of Client Money due to all participating Clients and finalise the costs of it being paid out of the CMP.
- The JSAs can only close the CMP where they are able to satisfy the FCA and the Court that they have taken reasonable and proportionate steps to contact Clients who have not yet claimed, informed them of the proposed closure and the effect it will have and to return their respective Client Money.
- Accordingly, the JSAs have devised and begun implementing a detailed Client tracing program and disclosed the proposed course of action to the FCA. The level of tracing efforts will be tiered and proportionate to the value of the Client’s portfolio of Custody Assets and/or Client Money.
- The first formal notice of the JSAs intention to close the CMP to claims was provided in the recent letter sent to all Clients that are yet to submit a claim to Client Assets and/or a CMIF. Where a response is not received within 28 days from the Client, additional steps will be taken to contact them in accordance with the Client tracing program.
- In due course the JSAs will file an application in Court and with the FCA (for any Client Money Rules modification they require) in order to close the CMP in late 2021. Subject to Court availability and the relevant permissions being granted, Clients that have submitted their claim and distribution instructions may therefore receive the balance of their Client Money in November or December of 2021.

If you have not yet submitted a claim via the Portal and/or completed a CMIF you are strongly encouraged to do so as soon as possible as the JSAs will be taking steps later this calendar year to close the CMP to claims. This will mean you will lose your ability to claim your share of Client Money from the CMP.

Disclaimer

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

Fraudulent communication

Further to recent updates and reports of fraudulent activity, Clients are reminded to remain vigilant to fraudulent communication at all times. Should Clients have any concerns in respect of any communications received, please contact Client Services on 0800 048 9512.





Further information

Further information and frequently asked questions can be found on our website, or by clicking this link <https://smithandwilliamson.com/reyker-securities-plc/>

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





Glossary

Capitalised terms within this document are defined as follows:

Term	Definition
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 as at 8 October 2019
Creditors' Committee	The Creditors' Committee of Clients and Creditors established in order to take certain decisions on behalf of the Clients and Creditors as a whole.
Company / Reyker	Reyker Securities PLC - in Special Administration
Corporate Action Income	Income arising from Custody Assets and received on behalf of Clients following 8 October 2019
Custody Assets	The securities (including stock, shares and other investments) held for and on behalf of the Clients as at 8 October 2019
Distribution Plan	A statutory distribution plan, pursuant to the Regulations and the Rules, to facilitate the return of Custody 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 administrators
Nominated Broker	One of the designated brokers who will receive a transfer of Client Assets following the approval of the Distribution Plan
Portal	The online Client Claim Portal, available at www.reykerportal.com
Regulations	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
S&W	Smith & Williamson LLP
Special Administration	The special administration of the Company

