

# Reyker Securities Plc

## (in special administration)

Joint Special Administrators' eighth progress report for the period from 8 April 2023 to 7 October 2023 pursuant to Rule 122 of The Investment Bank Special Administration (England and Wales) Rules 2011

3 November 2023

**evelyn**  
PARTNERS

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# 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.
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.
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.
Evelyn Partners	Evelyn Partners LLP (formerly Smith & Williamson LLP)
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.
James Brearley	James Brearley & Sons Limited, being one of the JSAs' Nominated Brokers
JSAs	The Joint Special JSAs, being Mark Christopher Ford, Adam Henry Stephens and Henry Anthony Shinnors of Evelyn Partners LLP.
The JSAs' Reconciliation	An independent reconciliation of the Client Money and Custody Assets completed by the JSAs.
Kin Capital	Kin Capital Partners LLP, being one of the JSAs' Nominated Brokers
Logic	Logic Investments Limited, being one of the JSAs' Nominated Brokers
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.
Non-Returnable	Client Custody Assets which the JSAs determine cannot be transferred to a new broker
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.
Pershing	Pershing Securities Limited, being one of the JSAs' Nominated Brokers
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.
SIP	Statement of Insolvency Practice (England & Wales).
SIPP	Self-Invested Personal Pension.
Thompson Taraz	Thompson Taraz Depository Limited, being one of the JSAs' Nominated Brokers
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://evelyn.com/reyker-securities-plc">https://evelyn.com/reyker-securities-plc</a>

## 2. Executive Summary

### 2.1 Introduction

Mark Ford, Adam Stephens and Henry Shinnars, all being licensed insolvency practitioners of Evelyn Partners LLP (formerly Smith & Williamson LLP), 45 Gresham Street, London, EC2V 7BG, 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' eighth 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 April 2023 to 7 October 2023.

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://www.evelyn.com/services/restructuring-and-recovery-services/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 The return of Custody Assets and CAI

During the period, the JSAs have continued to process the remaining Transfers and Distributions of transferrable Custody Assets and CAI to the five Nominated Brokers or Client's own choice of alternative broker.

Of the 8,996 Clients who held Custody Assets around the time the Transfer and Distribution processes commenced, 8,578 have now received all their transferrable Custody Assets or their Custody Assets have been determined to be Non-Returnable. There does, however, remain 418 Clients with potentially transferrable Custody Assets where a Transfer or Distribution is yet to be completed. These Clients can be grouped as follows:

- 147 Clients, of which 125 have Child Trust Fund accounts and 19 have IF ISA accounts, who haven't yet provided sufficient details of a new broker to which their Client Assets may be transferred.
- 156 Shadow Foundr Clients for which the JSAs are waiting for instructions to Transfer their assets to Logic Investments Limited. The JSAs understand that Shadow Foundr are still waiting for a handful of Clients to set up a new account at Logic, at which time all Custody Assets held by Shadow Foundr Clients will be transferred.
- 56 Clients that hold Argento loan notes (i.e. Tigerford, Silverlake, Palatine, Pittford, Shelbrook and Serpentine notes), which were previously reported as problematic (and potentially Non-Returnable) given the note issuer has refused to Transfer the notes without, to the best of our knowledge, good reason.
- 15 Clients whose choice of alternative broker can't accept their Custody Assets.
- 8 Clients that haven't settled their respective Share of Costs or made an application for compensation from the FSCS.
- 42 Clients' Custody Assets where the JSAs are struggling to have their transfer instructions accepted by the registrar or fund manager who must instruct the transfer.

Please note that 6 Clients have Custody Assets that fall into two of these categories.

Our work during the period has focussed on progressing such Transfers and Distributions, including (but not limited to) seeking further client engagement, liaising with potential brokers to receive the remaining CTF book as a sixth Nominated Broker Transfer and legal advice and Client instructions regarding the problematic Argento loan notes. Further detail may be found at section 4.1 of this report.

CAI continues to be received by the JSAs in respect of Custody Assets that have yet to be or have recently been Transferred or Distributed. Where possible, the CAI is transferred to the new receiving broker as soon as possible. Where no instructions have been received, the JSAs continue to safeguard the CAI in segregated client bank accounts.

During the report period, approximately £30,000 of CAI was received and £76,704 was successfully returned to Clients' new brokers. CAI returned in this period exceeded the CAI received as, given the nature of Transfers and Distributions, it has only recently been possible to return some CAI received in prior periods.

## 2.4 Distribution of Client Money

During the report period, a third and final distribution of Client Money was declared and paid to the majority of FSCS Protected Claimants who had submitted a claim and valid CMIF.

Accordingly, the JSAs have now distributed approximately £55.9 million of the CMP (being circa 97% by value) to Clients, with £1.3 million being distributed in this report period.

Of the 9,192 Clients who held a share of the CMP at the start of the Special Administration, 7,821 Clients (85%) have now received their respective share of Client Money in full (without deduction for costs as a result of the FSCS);

Clients that are either not FSCS Protected Claimants or, alternatively, FSCS Protected Claimants whose respective share of costs exceed the compensation limit could not receive any further Client Money as part of the third and final distribution as the sums previously retained from prior distributions are required to meet the respective Clients' share of the estimated distribution costs.

Notwithstanding this, the JSAs presently anticipate a small and final balance of Client Money may be paid to such Clients once the CMP has been closed to all claims and the total cost of the Client Money distribution finalised; particularly in circumstances where any unclaimed Client Money by the Hard Bar Date may be applied against such costs.

The JSAs have been keen to close the CMP as early as possible, however, as explained in detail during previous reports, this requires an application to the Court to set a Hard Bar Date (which will act as the last possible date for claims to the CMP by any party) once the JSAs are able to declare that there is no reasonable prospect of any further claims to Client Money being received.

We continue to receive new claims to Client Money at an average of one new claim per month and there remains approximately 780 Clients who are yet to submit a claim. Accordingly, based on previous legal advice, the JSAs do not consider that an application for a Hard Bar Date is appropriate at this time.

In the interim, the JSAs and the client services team will endeavour to liaise with Clients and/or brokers who are required to either provide additional information or, alternatively, take further action for their Client Money distribution instructions to be completed.

**Clients who believe they have a claim to Client Money and have not yet received a third and final distribution should contact client services on 0207 397 2586 or, alternatively, by email at [clientservices@reyker.com](mailto:clientservices@reyker.com) further action is likely to be required.**

## 2.5 Anticipated outcome for Clients and Creditors

### 2.5.1 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; and
- Costs for dealing with the CMP will be levied proportionately as a percentage of each Client's Client Money balance. As previously reported, it is anticipated such costs will be up to 12% of the CMP, however, this remains subject to client behaviours and timing to finalise all CMP claims.

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.**

## 2.5.2 Creditors

The outcome for creditors is 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.

The Company had very few assets at the time of the Special Administration with even its regulatory capital tied up in the development (and balance sheet capitalisation) of a software application. Given the level of costs and expenses incurred in relation to Objectives 2 and 3, the JSAs believe it is unlikely that a dividend will be paid to any class of creditor.

## 2.6 What do Clients need to do?

Clients that have received their Client Money and have had their Custody Assets transferred or Distributed do not need to do anything further. The JSAs must, in accordance with the Rules, send a copy of this report to these Clients notwithstanding the fact that their economic interest in the process is complete.

### 2.6.1 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 by contacting client services on 0207 397 2586 or, alternatively, by email at [clientservices@reyker.com](mailto:clientservices@reyker.com) to avoid any further delays to the Distribution of their Custody Assets and/or CAI.

### 2.6.2 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 to expedite the distribution of Client Money for themselves and, potentially, other Clients who are not FSCS Protected Claimants.

This can be done via the Portal or, alternatively, by contacting client services on 0207 397 2586 or at [clientservices@reyker.com](mailto:clientservices@reyker.com).

Clients that do not wish to pursue the repayment of funds are still encouraged to submit their claim and provide instructions for their entitlements to be paid to charity to help expedite the closure of the CMP and conclusion of the Special Administration.

**This only takes a few minutes.**

In accordance with the JSAs' previous notices, Clients that do not submit a claim before the Hard Bar Date or the closure of the CMP will lose their entitlement to Client Money and, instead, have an unsecured claim against the Company for the value of their unclaimed Client Money.

### 2.6.3 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://www.evelyn.com/services/restructuring-and-recovery-services/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: 0207 397 2586
- Email: [clientservices@reyker.com](mailto:clientservices@reyker.com)
- Post: Reyker Securities plc (in special administration), 45 Gresham Street, London, EC2V 7BG.



## 3. The JSAs' Objectives and Proposals

As outlined in the JSAs' previous progress reports, 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 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 to 7 October 2023.

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

During the report period, the JSAs have continued to return Custody Assets and CAI where possible.

#### 4.1.1 Transfers and Distributions of Custody Assets to the Nominated Brokers

Following the approval of the Distribution Plan, in January 2021 the JSAs commenced the Transfer of Custody Assets and CAI to the five Nominated Brokers, being James Brearley, Thompson Taraz, Logic, Kin Capital and Pershing. Whilst the Transfers to Thompson Taraz, Kin Capital and Pershing are complete, the Transfers to Logic and James Brearley continue.

Some Clients either opted out of the Transfer or, alternatively, they had no Nominated Broker (mainly CTF and IF ISA Clients). The Distribution process required these Clients to nominate their own choice of broker. The JSAs commenced these Distributions in June 2021.

Of the 8,996 Clients who held Custody Assets around the time the Transfer and Distribution processes commenced, 8,578 have now received all their transferrable Custody Assets or their Custody Assets have been deemed Non-Returnable. There does, however, remain 418 Clients with potentially transferrable Custody Assets where a Transfer or Distribution is yet to be completed. These Clients can be grouped as follows:

- 147 Clients, of which 125 have Child Trust Fund accounts and 19 have IF ISA accounts, who haven't yet provided sufficient details of a new broker to which their Client Assets may be transferred.
- 156 Clients of Shadow Foundr Ltd. ("Shadow Foundr") for which the JSAs are waiting for instructions to Transfer their assets to Logic Investments Limited. The JSAs understand that Shadow Foundr are still waiting for a handful of Clients to set up a new account at Logic, at which time all Custody Assets held by Shadow Foundr Clients will be transferred to Logic.
- 56 Clients that hold Argento loan notes (i.e. Tigerford, Silverlake, Palatine, Pittford, Shelbrook and Serpentine notes), which were previously reported as problematic (and potentially Non-Returnable) given the note issuer has refused to Transfer the notes without, to the best of our knowledge, good reason. These are presently designated as Non-

Returnable (see section 4.1.3), however, the JSAs are liaising with legal advisors and seeking instructions from the respective Clients with such holdings with a view to taking actions that may enable the return of these Custody Assets.

- 15 Clients whose choice of alternative broker can't accept their Custody Assets.
- 8 Clients that haven't settled their respective Share of Costs or made an application for compensation from the FSCS.
- 42 Clients' Custody Assets where the JSAs are struggling to have their transfer instructions accepted by the registrar or fund manager who must instruct the transfer.

Please note that 6 Clients have Custody Assets that fall into two of these categories.

Our work during the period has focussed on trying to progress these outstanding matters to a conclusion, which has included:

1. Pro-active attempts to contact Clients by email, post and telephone to encourage them to take the additional required action, such as communicating their choice of broker or selecting an alternative one where their first choice was unable to receive their respective Custody Asset(s) (further information in section 4.4);
2. Seeking legal advice regarding the problematic, and potentially Non-Returnable, Argento loan notes and seeking instructions and funding from the respective Clients with a view to taking actions that may enable the return of these Custody Assets; and
3. Ongoing discussions with several potential brokers that may be able to receive the remaining book of CTFs (on behalf of 125 Clients) by way of a sixth Nominated Broker Transfer. This would facilitate the Transfer of these remaining CTFs to another provider without the need for explicit Client engagement (which has not been forthcoming) and assist those that are struggling to source a broker willing to accept such assets given CTFs are a legacy product and the number of brokers offering such an investment product is dwindling.

Whilst discussions are ongoing with potential CTF brokers for a sixth Nominated Broker Transfer, in the meantime:

- Clients holding a CTF who have turned 18 can contact Client Services about converting the CTF into an ISA or otherwise accessing or transferring their investments; and
- Clients that remain under 18, or their guardians, that have been unable to find a new broker able to accept the assets as a CTF may contact Client Services about converting the CTF into a Junior ISA (JISA) as this may enable an easier Distribution.

**Clients who have not yet provided instructions are strongly urged to contact client services on 0207 397 2586 or, alternatively, by email at [clientservices@reyker.com](mailto:clientservices@reyker.com). We strongly recommend that Clients take their own independent financial advice before making any decisions as there will be tax implications from certain actions.**

#### 4.1.2 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 currently 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. The rate at which CAI is received by the Company has steadily decreased as additional Transfers and Distributions of Custody Assets complete.

The receipts and payments account at **Appendix C** confirms that, during the report period, the amount of CAI that was received and successfully distributed was approximately £30,000 (across three currencies) and £76,704 respectively. 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.

The JSAs would highlight:

- 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 JSAs are currently holding £64,991 of CAI for 79 Clients. Some 62 of these Clients have yet to provide details of where their CAI should be transferred and the remaining CAI will be transferred to Clients' new brokers when their Custody Assets are transferred; and

- 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 instructions provided by the Client.

Clients who have not yet provided instructions are strongly urged to contact client services on 0207 397 2586 or, alternatively, by email at [clientservices@reyker.com](mailto:clientservices@reyker.com).

#### 4.1.3 Non-Returnable Client Assets

Non-Returnable Client Assets are securities which the JSAs have determined cannot be Transferred or otherwise Distributed for legal or practical reasons. For example, these may relate to securities that have been delisted from a public stock exchange or companies that may be subject to an insolvency process or dissolved. These assets were marked as 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 currently hold approximately 127 Non-Returnable Client Assets (for circa 716 Clients). A list of the Non-Returnable Client Assets is available on the Website.

The JSAs are continuing to monitor the status of each stock line recorded on [www.reykeradmin.com](http://www.reykeradmin.com) to ensure that stocks that can't be transferred have been correctly recorded as Non-Returnable. The number of Non-Returnable Client Assets may, therefore, increase over time.

Notwithstanding this, and as referenced above, we are presently taking legal advice and Client instructions with regard to the Argento loan notes (i.e. Tigerford, Silverlake, Palatine, Pittford, Shelbrook and Serpentine notes), which are presently designated as Non-Returnable, with a view to taking actions that may enable the return of some of these Custody Assets.

For the avoidance of doubt, should any liquidation payment be received in relation to any Non-Returnable Custody Assets this will be accounted for and passed onto the underlying Client in accordance with the Distribution Plan.

## 4.2 Distribution of Client Money (Objective 1)

In line with the 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) 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 the associated additional requirements and time).

Following completion of 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 which was held for 9,192 Clients across 11,842 client plans.

### 4.2.1 Third and final distribution

The JSAs previously advised that a third and final distribution of Client Money, to the significant majority of FSCS Protected Claimants (who had submitted a claim and valid CMIF), was possible during Summer 2023 subject to implementing appropriate protection for Clients from a risk to any claim against the distributed funds.

Following the implementation of appropriate protections, something not previously possible in previous Special Administrations, such a distribution did take place during the report period and, as hoped, the majority of FSCS Protected Claimants (who have submitted a claim and valid CMIF) have now received their respective share of Client Money in full. Accordingly, the JSAs have now distributed approximately £55.9 million of the CMP (being circa 97% by value) to Clients.

The table below provides a summary of the percentage of the CMP that has been distributed or, alternatively, remains under the JSAs' control pending further Client action by value.

Category	CMP value	
	£'000	%
Completed distributions	55,859	97.0
In progress distributions	118	0.2
Funds retained from distributions	600	1.0
Unclaimed	844	1.5
Claimed but no instructions	197	0.3
<b>Total</b>	<b>57,618</b>	<b>100.00</b>

The JSAs would highlight:

- Circa £55.9 million of Client Money has been distributed to Clients, being circa 97% of the total CMP value (with £1.3 million being distributed in this report period);
- Of the 9,192 Clients who held Client Money, 7,821 Clients (85%) have now received their respective share of Client Money in full (without deduction for costs as a result of the FSCS compensation and funding arrangements);
- The JSAs have not been able to process all the valid instructions received to date due to the variety of reasons set out in previous progress reports (such as Clients needing to verify their designated bank account or take further action to complete a distribution to their designated broker);
- More than 57% of completed distributions were paid to a Client's personal bank account or their own designated broker (as opposed to the JSAs' Nominated Brokers), meaning more than 15,000 unique, individual transfers to verify and process across the two interim and final distributions were completed; and
- The JSAs still require either a claim or a CMIF, or both, to be submitted for circa £1 million of the CMP held by 1,159 Clients (being circa 13% of all Clients who held a share of the CMP).

The JSAs, their staff and the client services team will continue to liaise with Clients and/or brokers who are required to either provide additional information or, alternatively, take further action for their Client Money distribution(s) to be completed.

#### 4.2.2 Non FSCS Protected Claimants

Clients that are either not FSCS Protected Claimants or, alternatively, FSCS Protected Claimants whose respective share of costs exceed the compensation limit could not receive any further Client Money as part of the third and final distribution as the sums previously retained from prior distributions are required to meet the respective Clients' share of the estimated distribution costs.

Notwithstanding this, the JSAs presently anticipate a small and final balance of Client Money may be paid to such Clients once the CMP has been closed to all claims and the total cost of the Client Money distribution finalised; particularly in circumstances where any unclaimed Client Money by the Hard Bar Date may be applied against such costs.

**Such Clients should regularly monitor the Website which will be updated as and when the JSAs are able to do so. At present, client services representatives have no additional information to share with Clients beyond what is in this report.**

#### 4.2.3 Closing the CMP

As previously reported, under the Client Money Rules ("CMR") and the Regulations the JSAs can close the CMP to further, new or increased Client claims. The CMR and Regulations are drafted in anticipation of the CMP being closed to claims prior to settling final costs and returning the residual balance of Client Money; this is intended to protect all participating Clients, the Company and the JSAs.

Following legal advice, the JSAs consider the most effective 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 all new or increased claims and the JSAs should be able to distribute the remaining Client Money claimed by Clients, including Non FSCS Protected Claimants (after deduction of their respective share of the final distribution costs).

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 measures 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". These tests set a very high legal threshold.

The JSAs have been keen to close the CMP as early as possible, however, we continue to receive new claims to Client Money at an average of one new claim per month (previously two) and there remains approximately 780 Clients who are yet to submit a claim.

Alongside this, a judge may query the need for a Hard Bar Date at this time when the Special Administration remains open because the JSAs are still working through the return of the more challenging Custody Assets (such as Argento) and are not currently able to vacate office.

Accordingly, the JSAs do not consider that an application for a Hard Bar Date is appropriate at this time.

It may well be that, given an overwhelming majority of Clients have now received 100% of their Client Money and the relatively advanced stages of the Custody Asset Transfer and Distribution process, an application to Court for a Custody Asset Hard Bar Date and Client Money Hard Bar Date may be made at the same time. This would bring about some cost savings (which would be in the interests of all Clients generally), as it would mean only one Court application, however, the run rate of Client Money claims and the respective merits of a joint application will remain under regular review by the JSAs and their legal advisors. The JSAs are mindful that Non-FSCS Protected Claimants are not able to receive any further distributions of Client Money until such time a Client Money Hard Bar Date has been set and passed.

#### **4.2.4 Required Client action**

Clients who are yet to submit a claim to Client Money and/or their CMIF or, alternatively, still need to update a previously submitted 'hold' instruction (dating back to 2020) should either log on to the Portal or contact client services 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.

Should you have any queries, please contact Client Services on 0207 397 2586 or by email at [clientservices@reyker.com](mailto:clientservices@reyker.com).

**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 the JSAs intend, in due course, on making an application to court to set a Hard Bar Date, after which Clients who have not submitted their claim will lose their rights to claim Client Money in the CMP.**

### **4.3 Operations (Objective 1)**

#### **4.3.1 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 expediently as possible whilst monitoring and reducing the associated cost base where possible.

There have been no changes to the number of employees and third-party contractors retained during the report period, being one and three respectively, save for one contractor has reverted from the part-time, three-day a week reported in the last period to charging a day-rate as and when required on account of reduced requirements within that role.

#### **4.3.2 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 or Distribution of Client 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 the process of sanction checking.

### **4.4 Communications (Objective 1)**

#### **4.4.1 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. Of particular note was additional circulars and outbound telecoms to:

- Clients who had submitted a CMIF but were still required to provide further details in order to affect the distribution;
- Clients who had submitted a claim, but not a CMIF, to provide their distribution instructions;
- Circulars to intermediary providers, IFAs, Nominated Brokers, etc. to source alternative contact details for Clients who had previously been written to regarding taking further action for their Client Money or Custody Assets to be distributed but had not previously responded;

- Clients who are required to nominate their own choice of broker to receive Custody Assets and CAI and had not yet done so;
- Clients who only have a CAI balance and were still required to provide bank details; and
- Clients who have nominated a broker that is unable to accept the Custody Assets held on their behalf, to request details of an alternative broker.

This work has been supplemented with:

- Undertaking internet and social media searches to source new contact details and/or approach Clients on alternative platforms where a recent response has not been received from Clients;
- Reviewing public record databases for the passing away of Clients and the identity of any executors; and
- Searching property websites for confirmation of potential homemovers.

These campaigns, in addition to general Client queries, meant the client services team (assisted by the JSAs' staff):

- completed over 1,202 inbound and outbound calls with Clients; and
- reviewed and responded (where necessary) to more than 1,500 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 2,480 times during the report period (and 33,536 times since the start of the Special Administration).

As a result of these continued efforts, during the period:

- 307 Clients (who had already claimed their share of Client Money) provided (or updated) their distribution instructions by returning a CMIF;
- 31 Clients provided the requisite evidence to verify their designated bank account to receive Client Money; and
- More than 75 Transfers and Distributions of Custody Assets and/or CAI were able to be completed.

**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 0207 397 2586.**

#### 4.4.2 Client Claim Portal and Client data

The Portal and reykeradmin.com (the bespoke, cloud-based software platform developed by the JSAs during the Special Administration) continues to be maintained to collate, record and process Client instructions.

Additional programming and development requirements during the period included (but was not limited to):

- Renewal of domains and domain security certificates relating to the use of reykerportal.com and reykeradmin.com;
- Improvements to the master Client Money distribution report;
- Enhancements to the active / inactive account status marker to easily identify Clients within the system who have received a return of all Client Assets and deploying code to update account status' following the final distribution of Client Money for most FSCS Protected Claimants;
- Consolidation of data within the back-end of reykeradmin.com and limiting the number of services (and therefore the cost) being utilised within Microsoft Azure (insofar as possible); and
- Testing robustness and usability of back up data (including source code) saved to third party provider as part of the JSAs' disaster recovery planning.

Such work has been undertaken with a view to future time and cost savings and preserving data security.

All Client data continues to be held in accordance with relevant data protection regulations within secure, cloud-based systems and, where appropriate, shared with the FSCS to facilitate the increasing volume of information requests being received in respect



of alleged mis-selling and negligence claims (which are dealt with separately to Clients' claims regarding the cost of returning Client Assets but subject to the same compensation limit of £85,000 per FSCS Protected Claimant).

#### **4.4.3 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 on 18 May 2023 shortly following publication of the previous progress report. The JSAs anticipate holding the next meeting during November 2023.

Following the last meeting, and the announcement that a third and final distribution of Client Money would be paid to all FSCS Protected Claimants, Puma Investment Management Limited resigned from the Creditors' Committee given most of their Clients would shortly be receiving a full return of their Client Assets.

Accordingly, the Creditors' Committee now only has four members, which remains compliant with the Regulations.

#### **4.4.4 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 relating to the Transfer or Distribution of Client Assets 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 more than 99% 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, following 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.

The above is subject to an FSCS Protected Claimant's total claim for compensation not exceeding £85,000.

#### **4.4.5 Data Subject Access Requests ("DSARs")**

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

The DSARs principally relate to matters occurring prior to the Special Administration and are from claims management companies or intermediary solicitors engaged on behalf of the respective Clients.

#### **4.4.6 Tax certificates and transfer forms**

During the reporting period, the JSAs continued to issue tax certificates (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.

### **4.5 Objective 2 – Engagement with market infrastructure bodies and the Authorities**

#### **4.5.1 Financial Conduct Authority**

The JSAs continue to liaise 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.

#### **4.5.2 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 4.4.4 above.

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

- i. Client positions and progress on the agreement and submission of claims to Client Assets;
- ii. Progress with regard to the Transfer of Custody Assets to the Nominated Brokers and Distributions for those Clients that either opted out or did not have a Nominated Broker for their investments (including CTF Clients and the ongoing efforts to source a sixth Nominated Broker to receive the remaining CTF book);
- iii. Progress with regard to problematic and difficult to Transfer Custody Assets, such as the Argento loan notes;
- iv. Progress of the Client Money distribution and the JSAs' strategy for closing the CMP;
- v. Funding under the FSCS compensation deed;
- vi. Negligence, mis-selling and other claims asserted by Clients and responding to the FSCS' requests for further information regarding Client positions and the Company's processes prior to Special Administration; and
- vii. Committee matters.

## **4.6 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 the remaining employee;
- ii. Regularly assessed the requirement for various IT systems and suppliers and cancelled services where possible;
- iii. Complied with statutory reporting requirements;
- iv. Maintained relevant insurance policies for the business, its employee, the public and the Company's House Assets;
- v. Further to the assignment of claims against third parties, assisted the assignee with the pursuit and enforcement of such claims where appropriate; and
- vi. Continued to realise House Assets (see section 5).

In addition to the above, the Company has been named as one of three Respondents in an Unfair Prejudice Petition application relating to matters occurring prior to the Special Administration. The JSAs cannot further comment on the application at this time; save as to say that dealing with the matter will incur additional time costs. The proceedings are at an early stage and it is not appropriate to provide any further details of the claim, its merits, prospects, or the Company's response in this report. However, the JSAs would only add that, at this time, they consider it likely that any award made against the Company (should any award be made) would be an unsecured claim and would not disrupt the transfer or distribution of Client Assets.

Clients and Creditors are reminded that 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 possible Client Assets have been returned, the Company's operations critical to the achievement of Objective 1 need to remain in place and, therefore, the Company cannot yet be liquidated or dissolved.

## **4.7 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. The JSAs still consider that they will be able to conclude the Special Administration in 2025 (as stated in our last progress report).

Concluding the Special Administration is contingent on a number of factors including, very significantly, Client behaviours 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 continued to liaise with their legal advisors, 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.

#### 4.7.1 Custody Assets

Once the JSAs consider that it is not possible to Transfer or Distribute any further Client Custody Assets to new brokers, they anticipate issuing a long stop notice under the Distribution Plan and/or applying to Court for a Hard Bar Date.

As noted previously in this report, there are certain Custody Assets that have been deemed Non-Returnable. This is generally due to an insolvency event in relation to the investment asset, for example shares in a company that has entered liquidation. Such Custody Assets continue to be notionally held by Reyker, although they may be deemed valueless.

The JSAs also anticipate that some Clients may never provide details of a new broker to which their Custody Assets should be distributed.

#### 4.7.2 Client Money

It remains the intention of the JSAs to apply to Court for a Hard Bar Date once they can satisfy 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 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 or CAI, 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 Protected Claimants receive 100% of their Client Money (subject to their respective share of costs for both Client Money and Custody Assets not exceeding £85,000) and all funds held within the CMP accounted for. This strategy remains subject to the consent of the Court and the FCA and requires the co-operation of other counterparties and alternative strategies remain under consideration.

## 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 Employee and shareholder loans

The management accounts show employee and shareholder loans totalling £55,404 as at the date of appointment.

Following an agreement being reached with one employee for the repayment of £14,094 by the end of 2023, a further £10,500 was received in this report period, taking total realisations for the outstanding loans to £18,280.

### 5.2 Investments

Our earlier reports confirmed that the Company held investments at the date of our appointment with a book value of £176,031. These investments principally related to its subsidiary undertakings which, in the majority of cases, were dormant and had no realisable value.

The Company did, however, hold additional investments by way of Custody Assets. During the Special Administration these have either matured or generated CAI.

During the report period, a further £26,066 has been received in respect of CAI generated from such investments, bringing total realisations in this regard to £58,920.

## 5.3 Credit interest

During the reporting period gross bank interest of £4,383 was received; being interest accrued on funds held within the House estate in respect of Objective 3.

## 5.4 Claims against third parties

Further to the assignment of claims against third parties, the JSAs continue to assist the assignee with the pursuit and enforcement of such claims where appropriate. The House estate is due to receive deferred consideration (in addition to the £25,000 already received) based on net realisations. These will be reported to creditors as they are realised.

## 5.5 Corporate Action receipts

As part of the internal policies adopted (at the JSAs' discretion) to meet Clients' urgent needs during the Special Administration, the JSAs processed a number of non-mandatory corporate action requests from Clients in return for a fee commensurate with the time of the JSAs' staff and legal advisors in assisting with drafting and/or processing the required documentation.

No additional Corporate Action receipts were received in the period, however, realisations in prior periods totalled £45,723 with associated legal costs of £13,353. Accordingly, the net balance (plus interest) totalling £42,852 was transferred from the Corporate Action Fees Account to the General House Account for the benefit of defraying the associated costs of objective 2 and objective 3.

Given the high number of Custody Assets that have now been returned, it is considered highly unlikely further requests will be received for the processing of non-mandatory corporate actions.

## 5.6 Other Assets

Save for the above assets, the JSAs do not envisage any additional realisations regarding any other House Assets.

Please refer to previous reports and the summary of the JSAs' receipts and payments at **Appendix C** for further information.

# 6. JSAs' Receipts and Payments

Attached at **Appendix C** is the JSAs' receipts and payments accounts covering the six-month reporting period, being from 8 April 2023 to 7 October 2023, and the cumulative total for the first four 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:

## 6.1 Receipts

### 6.1.1 Objective 1 – FSCS Trust Account

During the reporting period, no further amounts were drawn down under the FSCS compensation deed to defray the associated costs of pursuing Objective 1 as they fall due. At the end of the report period, there remains a balance to hand of circa £203k and the total amount drawn under the deed remains £19.6 million.

### 6.1.2 Objective 1 - Share of Costs Collection Account (Custody Assets)

The JSAs did not realise any further contributions from Clients who are not FSCS Protected Claimants and still to pay their Share of Costs for returning Custody Assets. The total Share of Costs received from non FSCS Protected Claimants to date remains £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.

### 6.1.3 Objective 1 – Argento Legal Fees Contributions

During the period £138,678 has been received from Clients who hold Argento loan notes by way of contributions to the estimated legal fees that are to be incurred in realising or transferring this security. These receipts are being segregated in the Argento Legal Costs Collection Account and will solely be used for legal costs in respect of resolving the present impasse with the issuer.

### 6.1.4 House Accounts

House realisations totalled £40,949 during the period, as detailed in section 5.

### 6.1.5 CMP and Post Pooling Accounts

The JSAs continue to segregate any CAI in the requisite Post Pooling Accounts. The Client Money 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.

## 6.2 Payments

### 6.2.1 Objective 1 – FSCS Trust Account

In pursuing Objective 1, it has been necessary to maintain critical operations to assist with the Transfer and Distribution of Custody Assets. 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 £74,225 plus VAT (up from £54,679), which principally relate to specialist contractors engaged to assist with the pursuit of Objective 1 (further detail in section 8.3);
- Staff costs totalling £37,985 (previously £37,918), including net salaries, PAYE & NIC and pension contributions. Additional staff benefits and expenses have also been paid in the sum of £832;
- IT supplier fees totalling £35,946 (down from £68,876), including payments to Manresa (in-house developer) and Fusion (outsourced IT data and maintenance provider);
- Custody fees of £15,050 (previously £74,252) 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 included payments to CACEIS (formerly Kas Bank) and Aegon Co-funds whose services are required to hold and settle share Transfers and Distributions electronically. The amount paid in this period is much lower than the previous six months as prior services with CREST and BT-Settlenet were no longer required and have been cancelled and there were no accrued liabilities relating to prior periods following the account with CACEIS being brought up to date;
- Necessary statutory costs totalling £15,206 (previously £13,655) in respect of outsourced printing and postage for mass Client communications. This principally relates to the largescale circular to all Clients providing notice of the sixth progress report being available on the Website or, alternatively, upon request from client services;
- Client Money distribution costs totalling £126,900 (previously £2,500) which relates to specific and necessary costs of the Client Money distribution process.
- Irrecoverable VAT of £181,707 (being a decrease of £299,572 since the last period due to less remuneration being drawn by the JSAs and their legal advisors than in prior periods). The Company is not VAT registered and so VAT receivable may not be recovered.

Further detail in respect of the JSAs' own fees and their agents and advisors is included in section 8.

## 6.2.2 House Accounts

There were no payments of note during the reporting period from the House estate.

## 6.2.3 CMP and Post Pooling Accounts

During the report period, the JSAs declared and paid a third and final Client Money distribution as well as completing further Transfers and Distributions of 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, perhaps, 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 or otherwise as soon as possible.

The Client Money receipts and payments account at **Appendix C** confirms that, during the report period:

- Approximately £13 million of Client Money was distributed from the CMP (across seven currencies); and
- £76,704 of CAI was Transferred or Distributed from the segregated post-pooling accounts.

# 7. Estimated outcome for Clients and Creditors

## 7.1 Clients

The Distribution Plan 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 the CMP will be levied proportionately as a percentage of each Client's Client Money balance. As previously reported, it is anticipated such costs will be up to 12% of the CMP, however, this remains subject to Client behaviours.

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.**

## 7.2 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.

Given the limited House Asset realisations and the level of costs incurred in relation to Objective 2 and Objective 3 matters, the JSAs consider it is unlikely a distribution will be paid to the secured creditor.

## 7.3 Preferential creditors

The only categories of claims with preferential status in the special administration are those in relation to employee entitlements for 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.

Given the level of costs incurred in relation to Objective 2 and Objective 3 matters, the JSAs consider it is unlikely a distribution will be paid to preferential creditors.

## 7.4 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 because, given the limited realisations from House Assets and the level of costs incurred in relation to Objective 2 and Objective 3 matters, the JSAs consider it is very unlikely a distribution will be paid to unsecured creditors.

## 7.5 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.

Given the level of costs incurred in relation to Objective 2 and Objective 3 matters, the JSAs consider it is very unlikely there will be a Prescribed Part distribution to unsecured creditors.

# 8. Costs of the Special Administration

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

- a. The pre-Special Administration costs incurred by Evelyn Partners and Foot Anstey;
- b. The JSAs' post-appointment remuneration; and
- c. The JSAs' expenses (to include category 1 and category 2 expenses).

## 8.1 Pre-Special Administration costs

The pre-Special Administration fees and expenses for both Evelyn Partners and Foot Anstey were approved by the Creditors' Committee on 30 January 2020. These are detailed in the JSAs' Proposals and subsequent progress reports. Total pre-Special Administration fees and expenses of £162,702 have been drawn in full.

## 8.2 Post-Special Administration costs

### 8.2.1 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.

### 8.2.2 The JSAs' time costs to 7 October 2023

The JSAs' time costs are as follows:

Period	Total hours Hrs	Total costs £	Av. hourly rate £/hr	Fees drawn in period £
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
8 April 2022 to 7 October 2022	1,906	905,030	475	752,009
8 October 2022 to 7 April 2023	1,385	806,754	582	2,205,456
8 April 2023 to 7 October 2023	1,132	679,778	600	774,968
<b>Total</b>	<b>21,130</b>	<b>10,130,022</b>	<b>479</b>	<b>9,242,764</b>

During the report period, the JSAs have incurred time costs of £679,778 (which includes costs of dealing with Client Money, Custody Assets and House Assets) which represents 1,132 hours at an average charge out rate of £511 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 October 2023 which provides details of the JSAs' total time costs since appointment, totalling £10.1 million.

### 8.2.3 JSAs' remuneration drawn to date

During the report period, a total of £774,968 plus VAT 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 circa £9.2 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.

## 8.2.4 Further information on the JSAs' remuneration

Following a change to this firm's financial year-end, we reviewed our charge-out rates on 1 January 2023. In common with other professional firms, our scale rates rise to cover inflationary cost increases (which readers will be aware continue to be high) and accordingly our rates have risen on average by approximately 5% with effect from 1 January 2023. This was low, when compared to the rate of inflation as the increase takes into account that only six months had passed since the date of the last increase to avoid prejudice to creditors and stakeholders. Rate reviews will now revert to being annual and, therefore, a rate review has not been undertaken since our last report.

Details of Evelyn Partners LLP's charge out rates (including any changes during the case) along with the policies in relation to the use of staff are provided at **Appendix G**.

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://www.evelyn.com/services/restructuring-and-recovery-services/reyker-securities-plc/>. Should you require a paper copy please email [clientservices@reyker.com](mailto:clientservices@reyker.com) or telephone 020 7131 4934 and it will be sent to you at no cost.

We have no business or personal relationships with the parties who approve our fees.

## 8.3 Expenses

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

During the course of the Special Administration to 7 October 2023, 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. Ogier (Luxembourg) SCS was a new advisor engaged during the report period, to assist with legal advice as regards the Argento loan notes.

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
Ogier (Luxemburg) SCS	Legal advice	Time costs plus disbursements
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.

### 8.3.2 Expenses

From time to time it may be necessary for Evelyn Partners 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 expenses.

Category 1 expenses are expenses paid by Evelyn Partners to third parties and are recoverable without approval.

The following table sets out the category 1 expenses 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	453	-	453	-	7,130
General suppliers	-	-	-	-	1,297
Travel & sustenance	-	-	-	-	1,124



Staff training costs	-	-	-	-	1,140
Staff equipment & expenses	-	-	-	-	1,933
Courier & postage	-	-	-	-	244
SAGE subscription	-	-	-	-	240
TV licence renewal	-	-	-	-	155
Statutory bond	-	-	-	-	140
Searches	-	-	-	-	3
<b>Total</b>	<b>453</b>	<b>-</b>	<b>453</b>	<b>-</b>	<b>13,406</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 Evelyn Partners that include an element of allocated costs or a profit element. Category 2 expenses are subject to the same approval as the JSAs' remuneration.

The following confirms no Category 2 expenses were incurred during the period, however, £12,251 remains outstanding from prior periods.

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 £
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.*

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 expenses referenced in the JSAs' Proposals and a subsequent resolution was passed on 22 October 2020 approving the Category 2 expenses in the JSAs' first progress report.

## 9. Duration and exit of the Special Administration

Unlike administration, a special administration does not automatically end after 12 months.

The JSAs consider that once the Objectives of the Special Administration have been met it will be concluded by either:

- 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); and/or
- filing a notice with the Court and Registrar of the Company's dissolution.

At this stage, it is not possible to provide a definitive timescale for the duration of the Special Administration, although the JSAs anticipate that it will be concluded during 2025. Further detail as regards the JSAs' overall strategy is referenced within section 4 of this report.

## 10. 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 <https://www.evelyn.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 Evelyn Partners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

## 11. 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 Evelyn Partners Head of Legal by writing to 45 Gresham Street, London EC2V 7BG 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.gov.uk](mailto:insolvency.enquiryline@insolvency.gov.uk)
- Telephone: +44 300 678 0015
- Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA

## 12. 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:** 02047 397 2586
- **Email:** [clientservices@reyker.com](mailto:clientservices@reyker.com)
- **Post:** Reyker Securities plc (in special administration), 45 Gresham Street, London EC2V 7BG.

For and on behalf of the Company

*Mark Ford*

[Mark Ford \(Nov 3, 2023 13:41 GMT\)](#)

**Mark Ford**

**Joint Special Administrator**

**3 November 2023**

Mark Ford, Adam Stephens and Henry Shinnars were appointed as the JSAs of the Company on 8 October 2019.

The affairs, business and property of the Company are being managed by the JSAs as agents and without personal liability.

All of the joint office-holders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: [www.evelyn.com/insolvency-licensing-bodies](http://www.evelyn.com/insolvency-licensing-bodies)

The JSAs may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the JSAs' appointment.

The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at [www.evelyn.com/rsgdpr](http://www.evelyn.com/rsgdpr)

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office

Evelyn Partners LLP is registered in England at Gresham Street, London EC2V 7BG No OC369631

Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities

# 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	c/o Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG		
Registered Number	01747595		
Joint special JSAs	Mark Christopher Ford, Adam Henry Stephens and Henry Anthony Shinnars of Evelyn Partners LLP (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

### 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 April 2023 to 7 October 2023		8 October 2019 to 7 October 2023	
	House	Objective 1	House	Objective 1
	Accounts £	Accounts £	Accounts £	Accounts £
<b>RECEIPTS</b>				
				19,557,278.00
				2,600,000.00
				45,000.00
		138,678.20		138,678.20
	4,382.94	11,655.03	73,387.37	34,297.63
24,369.10			62,671.65	
51,812.15			51,812.15	
187.31			148.85	
			45,722.50	
Nil			25,000.00	
Nil	26,066.49		58,920.44	
			12,240.00	
55,403.56	10,500.00		18,279.58	
34,792.00			10,051.86	
			1,680.00	
45,000.00			3,510.00	
			303.34	63.76
	<u>40,949.43</u>	<u>150,333.23</u>	<u>363,727.74</u>	<u>22,375,317.59</u>
<b>PAYMENTS</b>				
		(488,338.47)		(7,122,241.60)
				(3,725,128.30)
	(260.70)	(181,707.05)	(8,291.18)	(2,567,871.66)
		(74,225.00)	(7,436.41)	(1,499,928.20)
		(286,629.21)		(2,162,012.16)
		(37,984.80)		(1,078,989.83)
		(35,946.12)		(739,710.95)
				(488,416.46)
		(46,812.68)		(585,089.71)
		(15,050.29)		(395,655.32)
				(250,000.00)
				(232,599.24)
				(231,038.20)
		(15,205.65)	(1,042.00)	(252,722.49)
				(162,701.83)
		(126,900.00)		(236,682.01)
		(1,960.00)		(51,278.32)
				(39,316.62)
				(71,151.93)
		(395.64)		(31,070.88)
		(832.02)	(354.00)	(31,230.06)
				(23,594.29)
				(10,574.01)
	(0.20)	(119.50)	(2.85)	(771.35)
				(400.00)
				(160.00)
	(1,303.50)		(33,352.50)	
	<u>(1,564.40)</u>	<u>(1,312,106.43)</u>	<u>(50,478.94)</u>	<u>(21,990,335.42)</u>
<b>Balances in Hand</b>	<b><u>39,385.03</u></b>	<b><u>(1,161,773.20)</u></b>	<b><u>313,248.80</u></b>	<b><u>384,982.17</u></b>
<b>REPRESENTED BY</b>				
				203,227.06
				49,486.37
				132,268.74
			313,248.80	
			<u>313,248.80</u>	<u>384,982.17</u>



## Client Money receipts & payments for the period 8 April 2023 to 7 October 2023

CLIENT MONEY - PRIMARY POOL	GBP	AUD	CAD	CHF	DKK	EUR	JPY	NOK	PLN	SEK	USD	ZAR
Balance brought forward - 8 April 2023	2,485,331	1,979	4	7,364	-	445,523	514	-	-	-	206,710	8,193
<b>RECEIPTS</b>												
Returned Client Money Distributions	18,678	-	-	6	-	2,078	-	-	-	-	1,878	-
CAI received (and to be swept to Post Pooling Accounts)	1,657	-	-	-	-	-	-	-	-	-	-	-
FX Conversions	-	-	-	-	-	-	-	-	-	-	-	-
	20,335	-	-	6	-	2,078	-	-	-	-	1,878	-
<b>PAYMENTS</b>												
Client Money Distributions to Clients	(1,258,732)	-	(4)	(7,004)	-	(77,338)	(514)	-	-	-	(18,421)	(8,193)
IAT of CAI to Post Pooling Accounts	(3,597)	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	(1,003)	-	-	-	-	(1)	-	-	-	-	(18)	-
	(1,263,333)	-	(4)	(7,004)	-	(77,339)	(514)	-	-	-	(18,439)	(8,193)
<b>CMP balances to hand as at 7 October 2023</b>	<b>1,242,333</b>	<b>1,979</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>370,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,150</b>	<b>-</b>
CLIENT MONEY - POST POOLING ACCOUNTS	GBP	AUD	CAD	CHF	DKK	EUR	JPY	NOK	PLN	SEK	USD	ZAR
Balance brought forward - 8 April 2023	96,932	557	-	-	-	216	-	-	-	123,530	53	-
<b>RECEIPTS</b>												
CAI (including dividends, coupons and IATs)	28,913	-	-	-	-	389	-	-	-	-	1,230	-
Returned Transfers/Distributions of CAI	18,217	-	-	-	-	-	-	-	-	-	-	-
FX conversions	1,354	-	-	-	-	-	-	-	-	-	-	-
	48,484	-	-	-	-	389	-	-	-	-	1,230	-
<b>PAYMENTS</b>												
Transfers/Distributions of CAI	(76,704)	-	-	-	-	-	-	-	-	-	-	-
FX conversions	-	-	-	-	-	(389)	-	-	-	-	(1,280)	-
Bank Charges	(15)	-	-	-	-	-	-	-	-	-	-	-
	(76,719)	-	-	-	-	(389)	-	-	-	-	(1,280)	-
<b>CAI (post-pooling) balances to hand as at 7 October 2023</b>	<b>68,696</b>	<b>557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,530</b>	<b>3</b>	<b>-</b>
<b>Total cash resource as at 7 October 2023</b>	<b>1,311,029</b>	<b>2,536</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>370,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,530</b>	<b>190,152</b>	<b>-</b>
RECONCILES TO CASH AT BANK	GBP	AUD	CAD	CHF	DKK	EUR	JPY	NOK	PLN	SEK	USD	ZAR
Natwest	1,281,779	2,536	-	367	-	370,478	-	-	-	123,530	190,150	-
Kas Bank	29,250	-	-	-	-	-	-	-	-	-	2	-
<b>Balances to hand as at 7 October 2023</b>	<b>1,311,029</b>	<b>2,536</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>370,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,530</b>	<b>190,152</b>	<b>-</b>

## Notes and further information required by SIP 7

1. All House and FSCS Trust bank accounts are interest bearing.
2. Funds received into the Objective 1 accounts 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 and the Objective 1 accounts which hold compensation advanced by the FSCS under the compensation deed. During the period £1,657 of CAI was received into one of the CMP bank accounts but subsequently swept to a Post Pooling Account to maintain segregation (along with an additional £1,940 of CAI received in a prior period).
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 down any funds under the FSCS Compensation Deed during the reporting period. As at the end of the period, funds advanced under the FSCS Compensation Deed total £19.6 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 costs	Obj 2 & 3	Total costs	Total costs	Costs paid	Total costs	Costs
		incurred in the period £	costs incurred in the period £	incurred in the period £	incurred £	in the period £	paid £	outstanding £
Foot Anstey LLP	Legal advice	17,116	5,460	22,576	963,044	30,000	684,062	278,982
Foot Anstey LLP	Legal expenses	-	-	-	1,313	-	1,313	-
South Square	Legal counsel	-	-	-	132,940	-	132,940	-
Foot Anstey LLP	Corporate Action assistance	-	-	-	12,049	-	12,049	-
Ogier (Luxembourg) SCS	Legal advice and expenses	25,249	-	25,249	25,249	25,249	25,249	-
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	-	-	-	7,436	-	7,436	-
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	21,870	-	21,870	642,084	21,870	642,084	-
Fourthline Ltd	SAR and CASS recruitment	-	-	-	188,674	-	188,674	-
Arthur Financial Ltd	IT recruitment	-	-	-	4,500	-	4,500	-
Chartermore Partners Ltd (formerly Claret Recruitment Ltd)	Safe Custody recruitment	51,781	-	51,781	471,374	51,781	471,374	-
MHR International	Payroll service	574	-	574	4,382	574	4,382	-
CAPA	Business rates review	-	-	-	-	-	-	-
Marsh	Insurance brokers	1,960	-	1,960	20,071	1,960	20,071	-
Bartlett & Co. Ltd	Insurance brokers	-	-	-	32,188	-	32,188	-
Twenty Recruitment	IT recruitment	-	-	-	85,999	-	85,999	-
Fusion Technology Solutions Ltd	IT support and maintenance	17,946	-	17,946	211,205	17,946	211,205	-
<b>TOTAL</b>		<b>136,496</b>	<b>5,460</b>	<b>141,956</b>	<b>3,003,992</b>	<b>149,380</b>	<b>2,723,540</b>	<b>280,452</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 FSCS Trust Account (Objective 1), the segregated Argento Legal Costs Collection Account 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 April 2023 to 7 October 2023

## 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	Partner / Director	Associate director	Hours		Total hours	Time cost £	Average hourly rate £
			Manager/ Assistant Manager	Other professional staff			
<b>Objective 1: Client Monies</b>							
Storage & back up of client data	-	0.3	-	-	0.3	175.75	703.00
Strategy & planning	0.2	-	0.3	-	0.5	353.45	662.76
Client Communications	1.4	13.4	34.3	-	49.1	23,254.64	474.10
Liaison with the committee	1.4	4.3	2.8	-	8.4	5,653.41	675.70
Reconciliations	0.1	0.8	2.7	-	3.5	1,984.80	572.53
Transfers / Returns / Sale	26.7	146.1	193.7	28.2	394.7	222,208.84	563.01
Trading matters	2.0	4.1	11.6	0.3	18.0	8,527.53	473.75
Reporting	0.2	8.3	4.9	-	13.4	8,582.40	642.07
Data subject access requests	-	0.7	1.6	-	2.3	1,052.62	460.99
<b>Total</b>	<b>32.0</b>	<b>177.7</b>	<b>251.8</b>	<b>28.5</b>	<b>490.0</b>	<b>271,793.44</b>	<b>554.68</b>
<b>Objective 1: Custody Assets</b>							
Storage & back up of client data	-	0.3	-	-	0.3	175.75	703.00
Strategy & planning	0.8	-	0.3	-	1.1	839.70	799.71
Client Communications	8.4	29.9	42.3	0.1	80.7	44,233.58	548.24
Liaison with the committee	7.7	7.5	13.1	-	28.2	18,948.91	671.94
Reconciliations	-	0.8	-	-	0.8	527.25	703.00
Post pooling monies	-	5.4	1.1	-	6.4	4,335.20	674.21
Corporate actions	-	-	0.2	-	0.2	88.35	519.71
Transfers / Returns / Sale	71.3	229.1	31.7	8.3	340.3	239,050.04	702.44
Trading matters	0.9	29.6	38.6	2.8	71.8	33,446.45	465.72
Reporting	5.1	29.4	11.3	-	45.8	31,180.30	680.30
Data Subject Access Requests	-	2.8	3.0	-	5.8	3,235.82	557.88
<b>Total</b>	<b>94.1</b>	<b>334.6</b>	<b>141.5</b>	<b>11.1</b>	<b>581.3</b>	<b>376,061.35</b>	<b>646.94</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>							
Liaison with regulators	2.5	-	3.8	-	6.3	3,786.99	597.95
<b>Total</b>	<b>2.5</b>	<b>-</b>	<b>3.8</b>	<b>-</b>	<b>6.3</b>	<b>3,786.99</b>	<b>597.95</b>
<b>Objective 3: Company ("House")</b>							
Administration & planning	0.8	7.3	28.2	3.1	39.4	17,015.20	432.41
Investigations	6.1	3.4	1.6	-	11.0	8,293.10	752.79
Realisation of assets	-	1.5	2.8	-	4.3	2,512.00	591.06
Creditors	-	0.3	-	-	0.3	175.75	703.00
Corporate Tax	-	0.2	-	-	0.2	140.60	703.00
<b>Total</b>	<b>6.8</b>	<b>12.6</b>	<b>32.5</b>	<b>3.1</b>	<b>55.1</b>	<b>28,136.65</b>	<b>510.96</b>
<b>Grand Total</b>	<b>135.4</b>	<b>524.9</b>	<b>429.6</b>	<b>42.7</b>	<b>1,132.7</b>	<b>679,778.43</b>	<b>600.14</b>

## Detailed narrative of tasks undertaken during the report period

### Objective 1: Client Money

#### Storage & back up of Client data

- Maintaining cloud-based storage solutions to safeguard Company records and Client data and associated work with Fusion and Manresa.
- Discussions regarding testing the useability of the third-party back-up of source code and client data held outside cloud solutions as part of disaster recovery contingency planning.
- Continuing to share data with the FSCS in a secure and electronic format to expedite the processing of Client claims both before and after the conclusion of the Special Administration.

#### Strategy & planning

- Internal meetings and discussions regarding the options available for closing the CMP, timing of a Court application for a Hard Bar Date and other options for expediting the third and final Client Money distribution for FSCS Protected Claimants.
- 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 the progress and processing of the third and final Client Money distribution.

#### Client communications

- Drafting website updates regarding the ongoing Client Money 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 CMIF or previously submitted a 'hold' or invalid 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 and provided the requisite transfer form or is not able to receive the Client Money.
- 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 returned correspondence, 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, grants of probate and liaising with executors as necessary.
- Responding to DSARs
- Updating FCA and FSCS regarding progress of the third and final Client Money distribution for FSCS Protected Claimants and matters preventing an application for a Hard Bar Date.
- Responding to FSCS information requests regarding eligibility assessments and other claims that the Client may be pursuing against the Company.

- Liaising with FSCS and Reyker's contracted IT support regarding the efficient sharing of Company records to facilitate eligibility assessment and validity of Client claims.
- Maintaining and developing the JSAs' external and internal portals, reykerportal.com and reykeradmin.com, to include (but not limited to):
  - Renewal of security certificates relating to the use of reykerportal.com;
  - Improvements to the master Client Money distribution report;
  - Enhancements to the active / inactive account status marker to easily identify Clients within the system who have received a return of all Client Assets and deploying code to update account status' following the final distribution of Client Money for most FSCS Protected Claimants;
  - Consolidation of data within the back-end of reykeradmin.com and limiting the number of services (and therefore the cost) being utilised within Microsoft Azure (insofar as possible); and
  - Testing robustness and usability of back up data (including source code) saved to third party provider as part of the JSAs' disaster recovery planning.

#### 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 a formal meeting of the Creditors' Committee, including preparing presentations.
- Documenting proceedings of the meeting, to include detailed minutes of matters discussed relating to the return of Client Assets.

#### Reconciliations

- Review of Client Money Reconciliation and discussions with safe custody regarding outstanding items.
- Review of tax reclaim of tax deducted at source on ISA dividends.
- Discussions and filenotes regarding aged unclaimed cheques and review of CASS
- Review of client status summary report to approve running script to update client status to 'inactive' following the return of all their Client Money and Custody Assets.

#### Transfers / returns / sale

- Undertaking work to progress to a third and final distribution of Client Money, to include reviewing run rate of Client claims, discussions with legal advisors and counsel regarding the appropriate timing of a court application to set a Hard Bar Date.
- Supplementary work to facilitate a third and final distribution of Client Money in advance of all Client claims being received or, alternatively, a Hard Bar Date.
- Attempts to contact Clients and receive additional information to facilitate the processing of their Client Money distribution(s) where this has not yet been paid.
- Declaring and paying the third and final distribution for all FSCS Protected Claimants and ongoing interim distributions to Non-FSCS Protected Claimants, to include reviewing Client Money instructions received, processing payments in conjunction with Reyker's safe custody team, liaising with Clients for additional information and sanction checks.
- 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 between Reyker staff/contractors and the JSAs' staff regarding progress, priorities and next steps as regards the return of Client Money.

- Considering CTF and ISA related matters and liaising with HMRC.
- Liaising with the FSCS regarding Client eligibility for compensation regarding the associated costs of distributing 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 and reviewing and processing payment of invoices.
- 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.
- 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.

#### Reporting

- Drafting parts of the statutory progress report to Clients and Creditors (period ended 7 October 2022) on matters relating to Client Money.

#### Data Subject Access Requests

- Responding to DSARs in accordance with relevant regulations

### **Objective 1: Custody Assets time costs**

#### Storage & back up of Client data

- Same as for Client Money (see above).

#### Strategy & planning

- Internal meetings and emails regarding overall strategy for the return of Custody Assets and concluding the Special Administration.

#### 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 Reyker staff and contractors following Client updates and circulars.
- Liaising with Clients who are not FSCS Protected Claimants regarding their Share of Costs.
- Review of returned correspondence, Client addresses and updating reykeradmin.com database.
- Preparing and providing tax certificates upon request.

- Responding to FSCS information requests regarding eligibility assessments and other claims that the Client may be pursuing against the Company.
- Liaising with FSCS and Reyker's contracted IT support regarding the efficient sharing of Company records to facilitate eligibility assessment and validity of Client claims.
- Reviewing Client death certificates and grant of probate and liaising with executors as necessary.
- Developing the JSAs' external and internal portals, reykerportal.com and reykeradmin.com, to include (but not limited to):
  - Renewal of security certificates relating to the use of reykerportal.com;
  - Improvements to the master Client Money distribution report;
  - Enhancements to the active / inactive account status marker to easily identify Clients within the system who have received a return of all Client Assets and deploying code to update account status' following the final distribution of Client Money for most FSCS Protected Claimants;
  - Consolidation of data within the back-end of reykeradmin.com and limiting the number of services (and therefore the cost) being utilised within Microsoft Azure (insofar as possible); and
  - Testing robustness and usability of back up data (including source code) saved to third party provider as part of the JSAs' disaster recovery planning.

#### 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.
- Review of client status summary report to approve running script to update client status to 'inactive' following the return of all their Client Money and Custody Assets.
- Reconciliation of CAI received in respect of Reyker's own investments and sweeping to General House Account for the benefit of objective 3 costs and creditors.

#### Post Pooling monies

- 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 as required.
- Liaising with registrars to obtain further information regarding unidentified dividend/coupon receipts.
- Periodic sweeps of CAI to the Nominated Brokers.

#### Corporate Actions

- Liaising with solicitors to confirm they had any outstanding expenses in respect of corporate actions completed in prior periods.

#### 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.



- 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.
- 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.
- Working with Clients, Investment Managers and the FSCS to ensure that all FSCS Protected Claimants are identified and eligibility confirmed.
- Safeguarding physical share certificates.
- Liaising with solicitors regarding the Argento loan note issue, potential legal options and costs.
- Liaising with Clients who hold Argento loan notes to seek instructions and request a contribution to their respective share of the estimated legal costs.
- Reconciling contributions received from Argento loan note holders for legal costs and preparing remittance advices to update JSAs' cash book.
- Ongoing discussions and correspondence with potential brokers who may be able to receive the remaining CTF book by way of a sixth Nominated Broker Transfer.
- Collating, logging and processing 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.
- Ongoing monitoring and work regarding problematic Custody Assets and classifying as Non-Returnable Client Assets where appropriate.

#### Trading matters

- Same as for Client Money (see above).

#### Reporting

- Drafting parts of the statutory progress report to Clients and Creditors on matters relating to Custody Assets and CAI.

#### Data Subject Access Requests

- Responding to DSARs in accordance with relevant regulations

### **Objective 2: Liaison with Regulatory bodies**

- Providing updates and responding to information requests from the Authorities as required.

### **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' progress report for the prior reporting period.
- Formulating, monitoring and reviewing the Special Administration strategy as it relates to House Assets and creditors, including internal and external meetings.
- Planning Evelyn Partners 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.
- Payments and bank reconciliations in respect of the General House Account and Corporate Action Account (where net proceeds from the JSAs' discretionary Corporate Action policy is realised for the benefit of objective 3 workflows and creditors).

#### Investigations

- Assisting the assignee with the pursuit and enforcement of the third-party claims where appropriate.
- Review of ongoing correspondence of the Unfair Prejudice Petition application naming Reyker as a Respondent and taking appropriate action in collaboration with our legal advisors.

#### Realisation of assets

- Seeking repayment of employee loans owed to Reyker and preparing remittance advices when appropriate.
- Reconciling redemptions and CAI received in respect of the Company's own investments and transferring to the House estate.

# F. JSAs' total time costs from 8 April 2019 to 7 October 2023

## 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	7.1	2.3	10.5	17.5	-	37.3	14,432.34	386.93
Strategy & planning	42.6	3.2	78.0	12.6	-	136.3	70,438.47	516.79
Client Communications	101.7	56.6	646.9	938.1	19.1	1,762.3	661,589.62	375.42
Liaison with the committee	52.6	19.4	46.8	2.8	-	121.6	71,034.05	584.16
Client statements	3.9	12.6	57.4	4.5	-	78.3	37,184.95	475.21
Client identification / tracing	23.7	5.6	68.1	64.0	-	161.3	66,533.17	412.40
Reconciliations	9.0	7.1	16.2	75.4	-	107.7	29,224.15	271.47
Transfers / Returns / Sale	284.2	326.1	1,403.4	52.1	-	2,065.8	1,135,034.27	549.44
Trading matters	49.2	25.1	354.9	93.8	-	523.0	244,229.02	466.96
Reporting	13	20.3	51.3	2.8	-	75.6	40,379.97	534.13
Data subject access requests	0.6	5.0	24.2	1.3	-	31.0	12,808.76	413.85
<b>Total</b>	<b>575.7</b>	<b>483.0</b>	<b>2,757.7</b>	<b>1,264.6</b>	<b>19.1</b>	<b>5,100.1</b>	<b>2,382,888.78</b>	<b>467.22</b>
<b>Objective 1: Custody Assets</b>								
Storage & back up of client data	28.7	5.0	46.3	87.2	-	167.2	58,377.05	349.25
Strategy & planning	121.9	22.8	256.2	89.7	-	490.5	232,802.22	474.59
Client Communications	526.2	176.2	1,633.7	2,998.7	54.1	5,388.7	2,060,518.18	382.38
Liaison with the committee	167.4	60.5	192.1	14.4	-	434.3	243,001.31	559.57
Client statements	26.7	31.3	165.4	3.0	-	226.4	110,395.48	487.58
Client identification / tracing	18.4	0.5	36.9	7.0	-	62.7	29,103.75	464.17
Reconciliations	66.0	9.8	47.6	203.8	-	327.2	101,873.75	311.40
Open trades	24.7	28.5	2.5	-	-	55.7	32,972.50	591.97
Post pooling monies	22.3	119.8	448.7	8.4	-	599.3	305,340.98	509.53
Corporate actions	29.2	95.9	32.0	1.7	-	158.8	88,104.36	554.92
Transfers / Returns / Sale	1,331.6	2,526.7	685.6	115.3	-	4,659.2	2,865,623.53	615.05
Trading matters	190.3	213.5	1,171.9	540.0	-	2,115.7	960,188.02	453.84
Reporting	11.6	71.2	173.2	8.1	-	264.2	144,419.19	546.66
Data Subject Access Requests	2.2	20.0	104.7	12.2	-	139.1	58,352.27	419.40
<b>Total</b>	<b>2,567.1</b>	<b>3,381.5</b>	<b>4,996.9</b>	<b>4,089.3</b>	<b>54.1</b>	<b>15,088.8</b>	<b>7,291,072.59</b>	<b>483.21</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>								
<b>Total</b>	<b>97.0</b>	<b>9.5</b>	<b>35.4</b>	<b>45.9</b>	<b>-</b>	<b>187.8</b>	<b>103,963.71</b>	<b>553.69</b>
<b>Objective 3: Company ('House')</b>								
Administration & planning	36.3	70.7	144.6	115.5	-	367.0	156,765.72	427.12
Investigations	47.7	148.6	20.1	48.3	-	264.7	133,267.88	503.44
Realisation of assets	2.9	16.0	22.6	13.7	-	55.1	27,052.22	490.67
Creditors	1.9	1.4	27.0	12.9	0.2	43.3	17,573.75	406.33
Corporate Tax	15.1	0.7	7.7	-	-	23.5	17,438.23	742.05
<b>Total</b>	<b>103.8</b>	<b>237.4</b>	<b>222.0</b>	<b>190.2</b>	<b>0.2</b>	<b>753.6</b>	<b>352,097.79</b>	<b>467.20</b>
<b>Grand Total</b>	<b>3,343.6</b>	<b>4,111.3</b>	<b>8,012.0</b>	<b>5,590.0</b>	<b>73.3</b>	<b>21,130.3</b>	<b>10,130,022.88</b>	<b>479.41</b>

# G. Staffing, charging policies and charge out rates

## Introduction

Detailed below are:

- Evelyn Partners LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers
  - Expense recovery
- Evelyn Partner 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 or consultant as the joint officeholders, 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 delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised in London), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

It may be necessary to utilise staff from both the regional and London offices, subject to the specific requirements, eg, geographical location, of individual cases.

This case is predominantly being conducted from the London office.

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.

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

## 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 Evelyn Partners LLP 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.

Since 7 July 2012 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

Details of any Category 2 expenses incurred and/or recovered in the administration are set out in the body of this report.

## Charge out rates

A schedule of Evelyn Partners LLP's charge out rates was issued to Creditors and Clients at the time the basis of the special administrators' remuneration was approved. Previous charge out rates applied can be found in the respective progress reports.

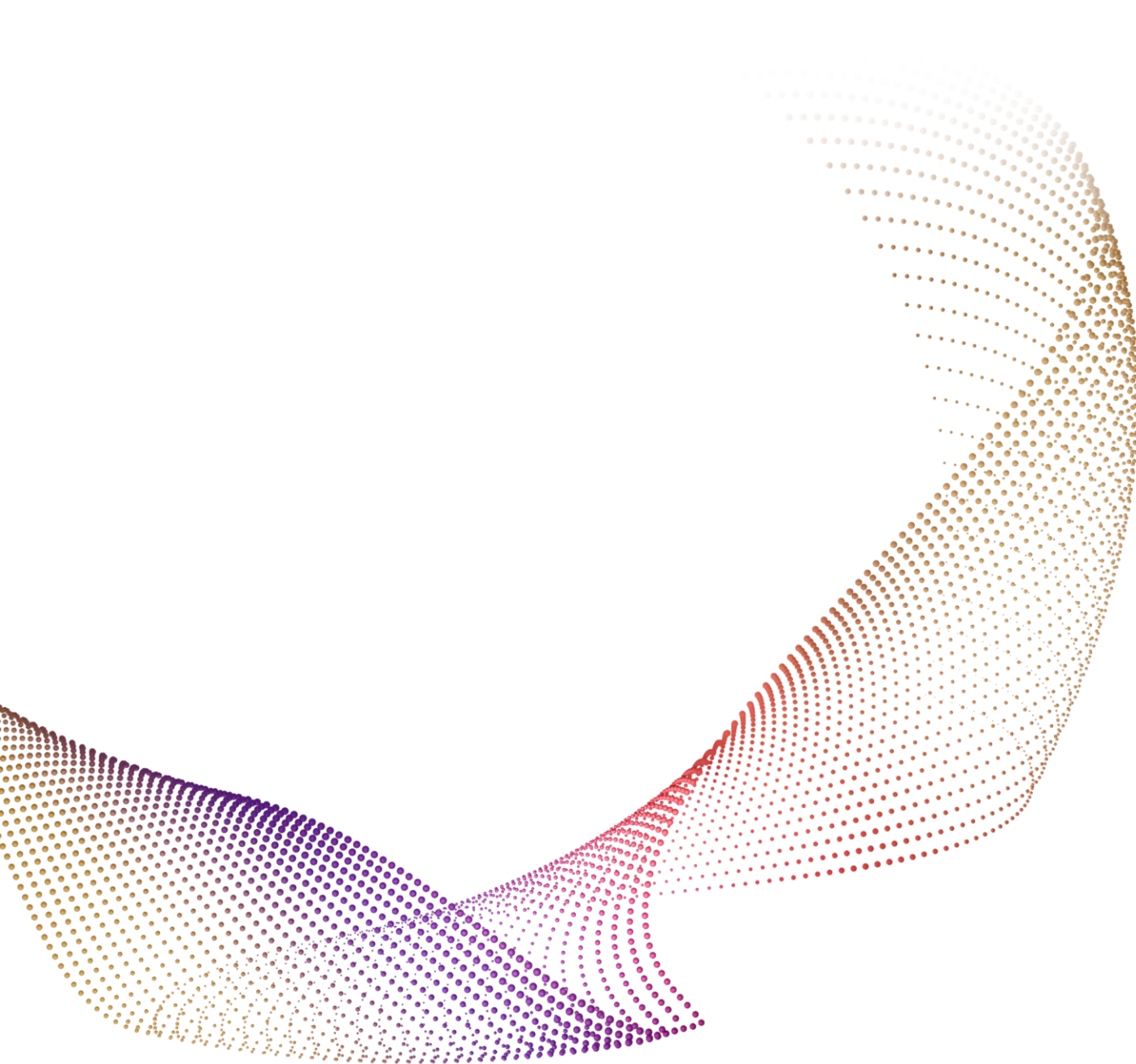
The rates applicable to the period of this report are set out below.

Restructuring & Recovery Services charge out rates	From 1 January 2023
Partner / Director	750 – 885
Associate Director	560 – 705
Managers	350 – 620
Other professional staff	210 – 360
Support & secretarial staff	120 - 140

### 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. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020, the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.
4. Associate Director includes a consultant acting within this role.



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**Principal offices:** London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury, and Southampton.

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