

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document is a court-approved Distribution Plan for the return of Client Assets to Clients of WealthTek LLP (in investment bank special administration). This document does not deal with the distribution of Client Money to Clients, which will take place under a different process, in relation to which the administrators are communicating with Clients separately.

This document has been prepared by the Joint Administrators based on information available to them.

This Distribution Plan is accompanied by an Explanatory Statement. The Explanatory Statement summarises (i) the background to, and purpose of, this document, (ii) how Client Assets will be returned under this Distribution Plan, and (iii) the actions that individual Clients need to take to have their Client Assets returned. You should read the Explanatory Statement together with this document. If there is any inconsistency between the Explanatory Statement and this Distribution Plan, this Distribution Plan will take precedence.

Please also refer to any Client Assets Confirmation Statement issued to you by the Joint Administrators when reading this document. References to a "Column" in this document correspond to Columns in the Client Assets Confirmation Statement.

A hard copy of this document can be obtained from BDO LLP at the address shown on page 7. A copy may also be viewed or downloaded at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration>

If you are in any doubt about the meaning and effect of this document, you should consult with your financial advisor, solicitor and/or other appropriate professional advisor without delay.

CR-2023-001772

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (CH.D.)

**IN THE MATTER OF WEALTHTEK LIMITED LIABILITY PARTNERSHIP
(IN INVESTMENT BANK SPECIAL ADMINISTRATION)**

and

IN THE MATTER OF THE INVESTMENT BANK SPECIAL ADMINISTRATION REGULATIONS 2011
AND THE INVESTMENT BANK SPECIAL ADMINISTRATION (ENGLAND AND WALES) RULES
2011

DISTRIBUTION PLAN

DATED [•] 2024

 **NORTON ROSE FULBRIGHT**

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1 Definitions

1.1 In this document:

Accepted Client Assets Claim means a Client Assets Claim that has been accepted by the Joint Administrators:

- (a) following a review of the Firm's books and records and any other relevant information available to the Joint Administrators; or
- (b) following an order of the Court

Account means an account held by the Firm or WT Nominees as the nominee of the Firm with a third-party custodian

Administration Claim means any claim, pursuant to the Insolvency Act, the Regulations or otherwise, against the Joint Administrators or the Released Third Parties where such claim arises from actions taken (or failure to take action) by any such person on or after the Administration Date in connection with the return of Client Assets, other than for an act or omission in implementing this Distribution Plan

Administration Date means 6 April 2023

Advisors means:

- (a) Norton Rose Fulbright LLP;
- (b) Counsel representing the Joint Administrators in respect of the approval of this Distribution Plan and related matters; and
- (c) any other professional advisors to the Joint Administrators

Business Day means any day other than a Saturday, a Sunday, or a day which is a bank holiday in England and Wales

Rule 4

Cash Option has the meaning given to it in clause 17.1(d)

CASS means the Client Assets Sourcebook (as amended from time to time) published by the FCA as part of the FCA Handbook

CASS 7 means Chapter 7 (*Client money rules*) of CASS

CASS 7A means Chapter 7A (*Client money distribution and transfer*) of CASS

Claimant means a person who has submitted a Client Assets Claim and, where appropriate, Potential Claimants and Late Claimants, and where:

- (a) a Client Assets Claim is submitted in respect of Client Assets held in a Client Omnibus Account in which Client Assets are held for more than one Client; and
- (b) a Client Assets Claim is submitted in respect of Client Assets held in a Unit Trust in which Client Assets are held for one or more Clients,

a reference to “Claimant” (in singular form) will mean each such Client, in the context of the Client Assets Claim they have submitted

Claimant’s Liabilities has the meaning given to it in clause 7.3

Client means a person for whom the Firm has undertaken to receive or hold Client Assets (whether or not on trust and whether or not that undertaking has been complied with)

Regulation 2

Client Assets means assets which the Firm has undertaken to hold for a Client (whether or not on trust and whether or not the undertaking has been complied with) within the meaning of section 232(4) of the Banking Act 2009, but, for the purpose of this Distribution Plan, does not include Client Money

Regulation 10B(13);
Banking Act 2009,
s.232(4)

Client Assets Claim means a claim to Client Assets within the meaning of Regulation 11(1), which is identified in a Client Assets Statement (or a Client Assets Confirmation Statement, if accepted by the Client on a Client Assets Claim Form), or otherwise submitted to the Joint Administrators in accordance with Rules 139 or 140

Rule 139
Rule 140;
Regulation 11(1)

Client Assets Claim Form means the form bearing that title made available by the Joint Administrators to Clients, along with their Client Assets Statements, on the Client Portal or, if requested by any Claimant, sent by the Joint Administrators to that person by post, by which individual Clients can indicate whether or not they:

- (a) agree with the contents of their Client Assets Statement; and
- (b) will accept compensation from FSCS (if eligible to do so)

Client Assets Confirmation Statement means a statement bearing that title prepared by the Joint Administrators for each Claimant and each Potential Claimant:

- (a) made available on the Client Portal or, if requested by any Claimant, sent by the Joint Administrators to that person by post;
- (b) setting out relevant information relating to claims in respect of Client Assets and this Distribution Plan;

- (c) confirming the Claimant or Potential Claimant's Accepted Client Assets Claim and Client Money Entitlement;
- (d) updated in accordance with this Distribution Plan; and
- (e) an example of which is set out in Schedule 1 (*Example Client Assets Confirmation Statement*)

Client Assets Return Method Form means a form bearing that title prepared by the Joint Administrators for each Claimant:

- (a) made available on the Client Portal or, if requested by any Claimant, sent by the Joint Administrators to that person by post;
- (b) allowing each Claimant to opt out of a Transfer by selecting Distribution as their preferred method for the return of their Client Assets;
- (c) if Distribution is the Claimant's preferred return method, allowing such Claimant to choose a Distribution Option; and
- (d) an example of which is set out in Schedule 2 (*Example Client Assets Return Method Form*)

Client Assets Statement means a statement bearing that title prepared by the Joint Administrators for each Client prior to the date of this Distribution Plan for the purposes of submitting a claim to Client Assets:

- (a) made available on the Client Portal or, if requested by any Client, sent by the Joint Administrators to that person by post;
- (b) setting out relevant information relating to claims in respect of Client Assets and this Distribution Plan; and
- (c) detailing the Client Assets considered by the Joint Administrators to be held for that Client and its Client Money Entitlement

Client Identification Code means the individual client identifier which has been provided to each Client by the Firm on their Client Assets Confirmation Statement

Client Money means money of any currency that:

- (a) the Firm has received or held for, or on behalf of, a client, in accordance with CASS 7 and CASS 7A; or
- (b) the Firm otherwise treated as client money in accordance with CASS 7 at the time of commencement of the Special Administration

Regulation 2

Client Money Entitlement means a Claimant's entitlement to receive a distribution of Client Money held by the Firm calculated in accordance with CASS 7A.2.5R (being, in summary, a distribution calculated by reference to its rateable entitlement to Client Money held by the Firm), after deducting such Claimant's *pro rata* proportion of the costs properly attributable to the distribution of the same in accordance with CASS 7.17.2R

Client Money Option has the meaning given to it in clause 17.1(e)

Client Omnibus Account means an Account held by the Firm in which Client Assets are held for one or more Clients

Regulation
12(9)

Client Portal means a secure online facility made available to Claimants and Potential Claimants

Committee means the clients' and creditors' committee established pursuant to the Rules, the members of which at the date of this Distribution Plan are: Antony William Ingham, Christopher John Pegram, Dominic Charles Knights, Jonathan Mark Gain and FSCS, each of whom was elected at the initial meeting of creditors and Clients held on 14 June 2023

Chapter 8 of
the Rules

COMP means the Compensation Sourcebook of the FCA Handbook

Corporate Action means, in relation to a Client Asset, any corporate action, including (without limitation) dividends, share conversions, schemes of arrangement and exercised rights in respect of warrants, rights issues or open offers

Corporate Actions Assets has the meaning given to it in clause 12.1

Costs means the costs and expenses falling within Rule 135, excluding the costs and expenses associated with the distribution of Client Money held by the Firm as at time of its entry into Special Administration

Costs Allocation Value means:

- (a) the value of the Securities making up a Client's Client Assets Claim as determined by reference to a reputable source used by the Firm for valuing or reporting in respect of those Securities; or
- (b) if this is not practicable, the value of the Securities making up a Client's Client Assets Claim as determined by the Joint Administrators which reflects, in the Joint Administrators' opinion, a fair and reasonable price for those Securities, as at the Effective Date

Costs Contribution means for each Claimant who has an Accepted Client Assets Claim, an amount equal to GBP 23,000 at the Effective Date, subject to (a) any reduction at any time thereafter in accordance with clause 13.2 and clause 17.6 and (b) clause 17.7

Rule 137(1);
Rule
144(2)(e)

Costs Contribution Recalculation Date means the last Business Day of the month in each three-calendar month period following the Effective Date, or such other date as determined by the Joint Administrators in their absolute discretion (acting reasonably)

Costs Options has the meaning given to it in clause 17.1

Costs Reserve Rebate has the meaning given to it in clause 14.2

Costs Shortfall has the meaning given to it in clause 18.1(a)

Court means the High Court of Justice in England and Wales or, in respect of any appeal therefrom, the relevant appellate court

Regulation 2

Dematerialised Securities means Securities held electronically in a dematerialised format, including Securities held either through a depository or a custodian

Dematerialised Securities Return Procedure means the procedure for the return of Client Assets which are classified as Dematerialised Securities, as more particularly set out at Part A of Schedule 5 (*Return Procedure*)

Distribution means an Unencumbered Distribution or an Encumbered Distribution, as relevant, excluding, for the avoidance of doubt, a Transfer

Distribution Option has the meaning given to it in clause 16.1

Distribution Plan means this distribution plan pursuant to Part 5 (*Objective 1*) of the Rules in its present form or subject to any modifications, additions or conditions made or imposed by the Court under Rule 146(5) or by the Joint Administrators under Rule 147(5) or clause 24 (*Modification*)

Part 5 of the Rules

Distribution Instruction Date means a Business Day on which the Joint Administrators instruct the relevant custodian of Client Assets which will be the subject of a Distribution to effect a Distribution in accordance with a Claimant's instructions on its Client Assets Return Method Form

Distribution Selection Date means a Business Day at least 10 Business Days prior to each Distribution Instruction Date

Effective Date means the date and time at which the sealed order of the Court approving this Distribution Plan with or without modification has been received by the Joint Administrators

Encumbered Client Assets means Client Assets over which the Firm or any third party exerts a Security Interest

Rule 144(6)

Encumbered Distribution has the meaning given to it in clause 7.1

FCA means the Financial Conduct Authority

Regulation 2

Firm means WealthTek LLP (in investment bank special administration), a limited liability partnership incorporated in England and Wales (registered number OC355200), with its registered office at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH, acting by the Joint Administrators (acting as agents for the Firm without personal liability)

FSCS means Financial Services Compensation Scheme Limited

Regulation 2

FSCS Option has the meaning given to it in clause 17.1(c)

FSCS Protected Claimant means a Claimant in respect of whom, pursuant to the terms of COMP:

- (a) FSCS has confirmed to the Joint Administrators the Claimant has a claim for compensation from FSCS;
- (b) the Claimant has confirmed on their Client Assets Claim Form that they wish to accept such compensation; and
- (c) FSCS:
 - (i) will pay such compensation to the Joint Administrators for the benefit of that Claimant; and/or
 - (ii) has paid compensation directly to the Claimant prior to the first Transfer or Distribution

FSCS Protected Security Interest Claimant means an FSCS Protected Claimant where there is a Security Interest over the Claimant's Client Assets

Hard Bar Date means the date set out in the Hard Bar Date Notice

Hard Bar Date Notice means a notice in the form prescribed by Regulation 12B(13) which specifies the Hard Bar Date and includes a statement that, after the end of the Hard Bar Date, the Joint Administrators:

Regulation 12B(13)

- (a) may dispose of Client Assets still held by the Firm after the Joint Administrators have returned Client Assets to Claimants having Accepted Client Assets Claims; and
- (b) may, consequently, be unable to meet any further Client Assets Claims

Identical Securities means Securities issued by the same issuer which are of the same class of shares or stock; or in the case of Securities other than shares or stock, which are of the same currency and denomination and treated as forming part of the same issue

Regulation 12(9)

Insolvency Act means the Insolvency Act 1986

Insolvency Services Account has the meaning given to it in the Insolvency Regulations 1994 (SI 1994/2507)

Joint Administrators means Shane Michael Crooks, Mark James Shaw and Emma Sayers of BDO LLP, 55 Baker Street, London W1U 7EU, in their capacities as joint administrators of the Firm (acting as agents and without personal liability), and any administrator appointed to the Firm within the Special Administration in addition to, or to replace one or more of, the foregoing appointees or their replacements

Late Claim has the meaning given to it in clause 20.1

Late Claimant has the meaning given to it in clause 20.1

Liability has the meaning attributed to it by Rule 333, which, in summary, means a liability to pay money or money's worth, including any liability under an enactment, any liability for breach of trust, any liability in contract, tort or bailment, and any liability arising out of an obligation to make restitution; it being immaterial for these purposes whether the liability is present or future, whether it is certain or contingent, or whether its amount is fixed or liquidated, or is capable of being ascertained by fixed rules or as a matter of opinion

Rule 333

Liquidation Option has the meaning given to it in clause 17.1(f)

Long-Stop Date means the date two months after the date on which the Joint Administrators send a Long-Stop Date Notice

Long-Stop Date Notice means a notice stating that the Joint Administrators have determined, acting reasonably, that they have achieved Objective 1 of the Objectives to the extent reasonably practicable

Market Price means:

- (a) the value of the Securities on the day in question as determined by a reputable source used by the Firm, immediately prior to the Firm entering Special Administration, for valuing or reporting in respect of those Securities; or
- (b) if this is not practicable, the value of those Securities on the day in question as determined by the Joint Administrators which reflects, in the Joint Administrators' opinion, a fair and reasonable price for those Securities

Regulation
12(9)

Net Assets Claim has the meaning given to it in clause 7.4

Nominated Broker means any person that the Joint Administrators notify as being a Nominated Broker pursuant to clause 5.3(b)

Non-Admitted Assets means assets which a Claimant has asserted are Client Assets held for that Claimant, but which, other than in the case of a Reconciliation Shortfall, the Joint Administrators have determined are not held for that Claimant (whether on the basis that the Firm is the beneficial owner of the assets or otherwise)

Non-Admitted Claim means a Client Assets Claim in respect of Non-Admitted Assets

Non-Admitted Claim Statement a statement bearing that title prepared by the Joint Administrators for each Claimant with a Non-Admitted Claim:

- (a) made available on the Client Portal or, if requested by any Claimant, sent by the Joint Administrators to that person by post;
- (b) setting out relevant information relating to the Claimant's Non-Admitted Claim;
- (c) updated in accordance with this Distribution Plan; and
- (d) an example of which is set out in Schedule 3 (*Example Non-Admitted Claim Statement*)

Non-Returnable Client Assets means Client Assets which:

- (a) are Not-Held Client Assets; or
- (b) the Joint Administrators determine in their absolute discretion (acting reasonably) cannot be the subject of a Transfer or Distribution for any legal or practical reason

Not-Held Client Asset means Client Assets which are not under the Joint Administrators' control

Objectives means, pursuant to Regulation 10, the following objectives:

Regulation
10(1)

- (a) "Objective 1" is for the Joint Administrators to ensure the return of Client Assets and Client Money as soon as is reasonably practicable;
- (b) "Objective 2" is for the Joint Administrators to ensure timely engagement with market infrastructure bodies and the Bank of England, the Treasury, the FCA and the Prudential Regulation Authority pursuant to Regulation 13; and
- (c) "Objective 3" is for the Joint Administrators to either rescue the Firm as a going concern or wind it up in the best interests of the creditors

Regulation
13

Payment Options Form means the form bearing that title that will be made available to Claimants on the Client Portal (or, if requested by any person, sent by the Joint Administrators to that person)

by post), other than each FSCS Protected Claimant (except FSCS Protected Security Interest Claimants), an example of which is set out in Schedule 4 (*Example Payment Options Form*)

Physically-Held Certificates means certificates held by the Firm in respect of certificated registered Securities registered in the name of Clients

Physically-Held Certificates Return Procedure means the procedure for the return of Client Assets which are classified as Physically-Held Certificates, as more particularly set out at Part B, Schedule 5 (*Return Procedure*)

Post-Distribution Shortfall means, in relation to a Client, and after taking into account any returns of Client Assets under this Distribution Plan and distributions of Client Money to that Client, the aggregate of any remaining actual or anticipated:

- (a) Costs Shortfall;
- (b) Reconciliation Shortfall;
- (c) shortfall between Client Money distributed to a Client and that Client's Client Money Entitlement; and
- (d) other loss suffered by a Client or Liability owed to the Client in respect of any Client Assets or Client Money that the Firm held, or should have held, for it prior to the Administration Date

Potential Claimants means those claimants identified by the Joint Administrators after the Soft Bar Date in accordance with Rule 143 as, in summary, being eligible to make a claim under Regulation 11(1) in respect of certain Client Assets

Rule 143

Proceeding has the meaning given to it in clause 26.1(b) (*Governing Law and Jurisdiction*)

Reconciliation Shortfall means a shortfall in the amount available for distribution of Identical Securities held by the Firm as Client Assets in a Client Omnibus Account within the meaning of Regulation 12(1), excluding (for the avoidance of doubt) any Costs Shortfall

Regulation 12

Recoveries Proceeds means:

- (a) any monies (including the proceeds of property recovered) which represent recoveries of Client Assets or Client Money (as applicable) which should have been, but were not, held by the Firm at the Administration Date; or
- (b) any monies representing redress payments and/or compensation obtained for the benefit of a Client or Clients of the Firm, other than compensation payable by FSCS

Recoveries Proceeds Account means an interest-bearing bank account to be opened by the Joint Administrators in the name of the Firm with a UK clearing bank for the purposes of clause 21 (*Post-Distribution Shortfalls*)

Regulations means the Investment Bank Special Administration Regulations 2011

Released Third Parties means:

- (a) BDO LLP;
- (b) the Advisors;
- (c) in respect of paragraphs (a) and (b) above, where applicable, their respective members, partners, directors, officers, employees and any of their respective agents, professional advisors or their employees; and
- (d) each member of the Committee and any person representing such member in relation to the business of the Committee, within the meaning of Rule 109

Restraint Order means any restraint order made by the Court or any competent court prohibiting the disposal of one or more Client Assets

Return Procedure means, in relation to a Distribution, any of the following procedures for the return of Client Assets to Claimants:

- (a) the Dematerialised Securities Return Procedure;
- (b) the Physically-Held Certificates Return Procedure; and
- (c) any other procedure to return Client Assets that is agreed between the Joint Administrators and a Claimant

Rules means the Investment Bank Special Administration (England and Wales) Rules 2011

Securities means financial instruments as defined in regulation 3 of the Financial Collateral Arrangements (No. 2) Regulations 2003

Regulation 2

Security Holder has the meaning given to it in clause 7.5

Security Interest means any legal or equitable interest or any other right in security (other than a Title Transfer Financial Collateral Arrangement) created or otherwise arising by way of security in respect of a liability owed by a Claimant to a third party, including:

Regulation 2

- (a) a pledge;
- (b) a mortgage;

- (c) a power of sale;
- (d) a fixed charge;
- (e) a charge created as a floating charge; or
- (f) a lien

Shortfall Claim means a Claimant's claim against the general estate of the Firm in respect of a Reconciliation Shortfall (as borne pro rata by each Claimant under Regulation 12(2)), a Costs Shortfall or other Post-Distribution Shortfall

Soft Bar Date means 20 March 2024

Regulation
11

Special Administration means the investment bank special administration of the Firm within the meaning of Regulation 3, commenced by Order of the Honourable Mr Justice Zacaroli dated 6 April 2023

Regulation
3

Sterling, pound, GBP or £ means pounds sterling, being the lawful currency of the United Kingdom for the time being

Tainted Client Assets means Client Assets which are the subject of a Restraint Order or which the Joint Administrators (acting reasonably) conclude may be tainted due to association with any actual or alleged criminal conduct

Title Transfer Financial Collateral Arrangement has the meaning set out in regulation 3 of the Financial Collateral (No 2) Regulations 2003

Transfer means a transfer of Client Assets in accordance with Regulation 10B and clause 5 (*Transfer Client Assets*)

Regulation
10B

Transfer Client Assets means Client Assets which are, at any given time, identified by the Joint Administrators in the Firm's books and records as potentially subject to a Transfer and which are not, at the relevant Transfer Selection Date:

- (a) Tainted Client Assets; or
- (b) Non-Returnable Client Assets

Transfer Conditions has the meaning given to it in clause 5.4(a)

Transfer Cut-off Date has the meaning given to it in clause 5.4(a)

Transfer Instruction Date has the meaning given to it in clause 5.3(d)

Transfer Selection Date has the meaning given to it in clause 5.3

Unencumbered Client Assets means Client Assets in respect of which neither the Firm nor, to the Firm's knowledge, any third party exerts a Security Interest

Unencumbered Distribution has the meaning given to it in clause 6.1

Unit Trust means a unit trust in which the Firm or WT Nominees as the nominee of the Firm held units

Website means <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration>

WT Nominees means WealthTek Nominees Limited

2 Interpretation

2.1 In this document:

- (a) terms defined in the Regulations and Rules have the same meaning in this Distribution Plan, unless given a different meaning in this Distribution Plan;
- (b) references to a "**Regulation**" or a "**Rule**" are to a regulation or rule in the Regulations or Rules, respectively;
- (c) references to a "**person**" include an individual, body corporate (wherever incorporated), unincorporated association, trust or partnership (whether or not having separate legal personality), government, state or agency of a state, or two or more of the foregoing;
- (d) references to a clause or schedule are to a clause of, or schedule to, this document, and references to this document include the schedules;
- (e) the headings in this document, together with any italicised words below the headings, do not affect its construction or interpretation;
- (f) references to a statute or a statutory provision include references to such statute or statutory provision as amended or re-enacted whether before or after the date of this document and include all subordinate legislation made under the relevant statute whether before or after the date of this document;
- (g) references to writing will be deemed to include any modes of reproducing words in a legible or non-transitory form;
- (h) references to a "Column" are to a column in each Claimant's Client Assets Confirmation Statement;
- (i) the singular includes the plural and vice versa and any gender includes any other gender;

and

- (j) if any obligation is due to be performed under the terms of this document on a date other than a Business Day, the relevant obligation will be due to be performed on the next Business Day.

3 Application, Effectiveness, Long-Stop Date and Hard Bar Date

3.1 Application of this Distribution Plan

This Distribution Plan applies to all Client Assets as at the commencement of the Special Administration and to Client Money and assets received by the Firm after the commencement of the Special Administration which is or are referable to and/or derive from such Client Assets, whether as Corporate Actions Assets or otherwise. For the avoidance of doubt, Client Money received by the Firm prior to the commencement of the Special Administration will be distributed separately from the Distribution Plan and in accordance with CASS 7A.

3.2 Effective Date

This Distribution Plan will become effective on, and have effect from, the Effective Date.

3.3 Client Assets Confirmation Statement and/or Non-Admitted Claim Statement

(a) After the Effective Date:

- (i) a Claimant will receive a Client Assets Confirmation Statement in respect of its Accepted Client Assets Claim (if any); and/or
- (ii) a Claimant will receive a Non-Admitted Claim Statement in respect of its Non-Admitted Claim (if any).

(b) Claims to or in respect of:

- (i) Unencumbered Client Assets;
- (ii) Encumbered Client Assets; and
- (iii) Non-Admitted Assets,

will be particularised in table form in each Claimant's Client Assets Confirmation Statement and/or each Claimant's Non-Admitted Claim Statement (as applicable). A Claimant will be able to identify the assets which it has claimed by reviewing its Client Assets Confirmation Statement and/or Non-Admitted Claim Statement (as applicable). The assets which appear in each Claimant's Client Assets Confirmation Statement and/or each Claimant's Non-

Admitted Claim Statement (as applicable) will be dealt with as set out at clauses 5 to 12 below.

3.4 Long-Stop Date

On any date on which the Joint Administrators determine, acting reasonably, that they have achieved Objective 1 of the Objectives to the extent reasonably practicable, they may give a Long-Stop Date Notice.

3.5 Hard Bar Date

(a) On any date following the Effective Date, the Joint Administrators will be entitled to:

- (i) make an application to the Court under Regulation 12B(3) to approve the setting of a final date for the submission of claims to the beneficial ownership or other form of ownership of Client Assets or claims of persons in relation to a Security Interest asserted over, or other entitlement to, Client Assets, which date will be the Hard Bar Date and which will be no earlier than 31 January 2025; and
- (ii) upon the approval of the Court given on such an application, send a Hard Bar Date Notice.

Regulation
12B(3)

Regulation
12B(2)

4 Reconciliation Shortfall

4.1 To the extent that any Reconciliation Shortfall identified under Regulation 12(1) remains unremedied, the Reconciliation Shortfall will, pursuant to Regulation 12(2), be borne *pro rata* by all Clients of the Firm for whom the Firm holds Identical Securities in proportion to their Accepted Client Assets Claims in respect of those Securities.

Regulation
12(2)

4.2 A Claimant's Shortfall Claim resulting from a Reconciliation Shortfall will rank as an unsecured claim against the general estate of the Firm pursuant to Regulation 12(7), except to the extent it is reduced or extinguished in the determination of a Claimant's Net Assets Claim pursuant to clause 7.4.

Regulation
12(7)

4.3 The value of a Claimant's Shortfall Claim resulting from a Reconciliation Shortfall will be based on the Market Price for those Securities to which the Reconciliation Shortfall relates on the Administration Date.

Regulation
12(8)

4.4 A Claimant's Shortfall Claim resulting from a Reconciliation Shortfall will, subject to clause 4.2, automatically be deemed to have been submitted as a proof of debt under Rule 152 as an unsecured claim, without the need for the Claimant to take any further action.

5 Transfer Client Assets

- 5.1 Transfer Client Assets may, subject to clauses 5.6 and 5.7 below, be the subject of a Transfer in accordance with this clause 5.
- 5.2 The Joint Administrators will be entitled to execute a Transfer of Transfer Client Assets to a Nominated Broker, by taking the steps identified in clauses 5.3 and 5.4.
- 5.3 On a Business Day (the **Transfer Selection Date**) at least 20 Business Days prior to the Transfer Instruction Date (subject to any subsequent adjustments by the Joint Administrators to reflect any further Corporate Actions Assets received), the Joint Administrators will update the Client Assets Confirmation Statement of each Claimant which has an Accepted Client Assets Claim to Transfer Client Assets which have not been returned pursuant to a previous Transfer (if any) to include:
- (a) which Client Assets have been determined by the Joint Administrators, in their absolute discretion, to be Transfer Client Assets for the relevant proposed Transfer, detailing the type of Client Asset set out in the Columns entitled "ISIN Sec Code" and "Security Description", in the amount set out in the Column entitled "Quantity" in Table 1A, less any Reconciliation Shortfall in the Column entitled "Shortfall amount (GBP)" in Table 1B;
 - (b) the identity of the Nominated Broker;
 - (c) confirmation that subject to satisfaction of the Transfer Conditions, such Transfer Client Assets (or, in the case of Transfer Client Assets that are Encumbered Client Assets, an amount of such Transfer Client Assets representing the applicable Net Assets Claim) will form part of the proposed Transfer; and
 - (d) the date the proposed Transfer is intended to be instructed by the Joint Administrators as specified in the Client Assets Confirmation Statement (the **Transfer Instruction Date**).
- 5.4 Each Transfer will be effected by the Joint Administrators:
- (a) subject to the following conditions (the **Transfer Conditions**) being satisfied:
 - (i) the Payment Options Form having been returned by the Claimant;
 - (ii) all steps under the Payment Options Form having been complied with;
 - (iii) all steps reasonably requested by the Joint Administrators having been taken by the Claimant in respect of Securities held as Physically-Held Certificates in order to perfect and/or remedy any defect in the formalities of the transfer of any such Securities made by the Claimant to the Firm prior to the Administration Date;
 - (iv) the Claimant's Costs Contribution (or, as applicable pursuant to clause 17.6, the

Claimant's Costs Allocation Value) having been paid;

- (v) the Nominated Broker's confirmation in writing to the Joint Administrators of the completion of customer due diligence in relation to the Claimant; and
- (vi) any Security Interest over the Claimant's Client Assets having been discharged and any formalities for the removal or discharge of the Security Interest complied with,

in each case at least 10 Business Days prior to the Transfer Instruction Date (the **Transfer Cut-off Date**), provided that (a) each FSCS Protected Claimant will not be required to satisfy Transfer Condition 5.4(a)(iv) above, and (b) each FSCS Protected Claimant (other than FSCS Protected Security Interest Claimants) and each Claimant deemed to have elected the Liquidation Option under clause 15.6(a) will not be required to satisfy Transfer Conditions 5.4(a)(i) and (ii) above; and

- (b) on terms and conditions and subject to transfer documentation acceptable to the Joint Administrators in their absolute discretion, provided that such transfer documentation will in all cases:
 - (i) include such contractual provision as the Joint Administrators think necessary to ensure that Clients whose Client Assets are to be returned by a Transfer will be able to exercise their rights in relation to the assets as soon as reasonably practicable after the Transfer; and
 - (ii) comply with the restrictions on partial property transfers prescribed by Regulations 10C to 10G. In particular, in the case of a Transfer which is a partial property transfer, the relevant transfer documentation will include such provision as the Joint Administrators think appropriate in connection with a reverse transfer within the meaning of Regulation 10C(3).

Regulations 10C to 10G

5.5 Any Transfer Client Assets which are the subject of a Transfer in accordance with this clause 5 will be rounded down to the nearest whole number of Client Assets and transferred to a Nominated Broker in accordance with clause 5.2. The Joint Administrators will, provided that it is reasonably and economically practicable to do so, realise the number of the Client Assets which have been subject to the rounding down (if any) in aggregate and will pay the realisation proceeds of the fractional entitlement to such Client Assets to the Nominated Broker for the account of the relevant Claimant.

5.6 Where the relevant Claimant has not satisfied all of the Transfer Conditions by the Transfer Cut-off Date, the relevant Transfer Client Assets will be excluded from the relevant Transfer, but may be considered for inclusion in any subsequent Transfer at the next Transfer Selection Date, subject to satisfaction of the Transfer Conditions.

5.7 In the event that:

- (a) any Transfer Client Assets have not been the subject of a Transfer in accordance with this clause 5; or
- (b) prior to the relevant Transfer Cut-off Date, a Claimant submits a Client Assets Return Method Form to the Joint Administrators requesting that its Client Assets not be the subject of a proposed Transfer and instead be returned by way of Distribution,

such Client Assets will cease to be Transfer Client Assets and will be dealt with in accordance with the provisions in clauses 6 to 12 below that thereupon become applicable.

6 Distribution of Unencumbered Client Assets

6.1 This clause 6 will apply to any Unencumbered Client Assets which are the subject of an Accepted Client Assets Claim on a Distribution Selection Date in a Claimant's Client Assets Confirmation Statement. Such Unencumbered Client Assets will (unless they are Transfer Client Assets, Non-Returnable Client Assets or Tainted Client Assets), subject to clause 4.1 and clause 6.2, be returned as instructed by the Joint Administrators on the relevant Distribution Instruction Date as follows:

Rule
144(2)(b)

- (a) to or for the account of the Claimant identified by the Client Identification Code set out in the Client Assets Confirmation Statement;
- (b) for the type of Client Asset set out in the Columns entitled "ISIN Sec Code" and "Security Description", in the amount set out in the Column entitled "Quantity" in Table 1A, less any Reconciliation Shortfall in the Column entitled "Shortfall amount (GBP)" in Table 1B;
- (c) in accordance with the Return Procedure specified adjacent to "Return Procedure" in the Client Assets Confirmation Statement, provided that where Client Assets are Dematerialised Securities, such Client Assets will be returned in accordance with the Dematerialised Securities Return Procedure; and
- (d) as soon as is reasonably practicable subject to:
 - (i) the Client Assets Return Method Form having been returned by the Claimant, in which the Claimant has selected a Distribution Option;
 - (ii) the Payment Options Form having been returned by the Claimant;
 - (iii) all steps under the Payment Options Form having been complied with;
 - (iv) all steps reasonably requested by the Joint Administrators having been taken by the Claimant in respect of Securities held as Physically-Held Certificates in order to

Rule
144(2)(a)

perfect and/or remedy any defect in the formalities of the transfer of any such Securities made by the Claimant to the Firm prior to the Administration Date;

- (v) the Claimant's Costs Contribution (or, as applicable pursuant to clause 17.6, the Claimant's Costs Allocation Value) having been paid; and
- (vi) the receipt by the Joint Administrators of confirmation in writing from any party receiving such Unencumbered Client Assets for the account of the Claimant of the completion of customer due diligence in relation to the Claimant,

(an **Unencumbered Distribution**),

provided that (a) each FSCS Protected Claimant will not be required to satisfy conditions 6.1(d)(ii), (iii) and (v) above, and (b) each Claimant deemed to have elected the Liquidation Option under clause 15.6(a) will not be required to satisfy conditions 6.1(d)(ii) and (iii) above.

- 6.2 Any Unencumbered Client Assets to be returned under this clause 6 will be rounded down to the nearest whole number of Client Assets and returned to the relevant Claimant in accordance with clause 6.1. The Joint Administrators will, provided that it is reasonably and economically practicable to do so, realise the number of the Client Assets which have been subject to the rounding down (if any) in aggregate and will pay the realisation proceeds of the fractional entitlement to such Client Assets to the relevant Client.

7 Distribution of Encumbered Client Assets

- 7.1 This clause 7 will apply to any Encumbered Client Assets which are the subject of an Accepted Client Assets Claim on a Distribution Selection Date in a Claimant's Client Assets Confirmation Statement. Such Encumbered Client Assets will, unless they are Transfer Client Assets, Non-Returnable Client Assets or Tainted Client Assets and subject to clause 4.1 and clause 7.2, be returned in an amount equal to the applicable Net Assets Claim (as defined in clause 7.4 and subject to clause 7.5 below) as instructed by the Joint Administrators on the relevant Distribution Instruction Date as follows:

- (a) to or for the account of the Claimant identified by the Client Identification Code set out in the Client Assets Confirmation Statement;
- (b) for the type of Client Assets set out in the Columns entitled "ISIN Sec Code" and "Security Description", in the amount set out in the Column entitled "Quantity" in Table 1A, less any Reconciliation Shortfall in the Column entitled "Shortfall amount (GBP)" in Table 1B;
- (c) in accordance with the Return Procedure specified adjacent to "Return Procedure" in the Client Assets Confirmation Statement, provided that where Client Assets are

Rule 144(2)(c)

Dematerialised Securities, such Client Assets will be returned in accordance with the Dematerialised Securities Return Procedure; and

- (d) as soon as is reasonably practicable subject to:
- (i) the Client Assets Return Method Form having been returned by the Claimant, in which the Claimant has selected a Distribution Option;
 - (ii) the Payment Options Form having been returned by the Claimant;
 - (iii) all steps under the Payment Options Form having been complied with;
 - (iv) all steps reasonably requested by the Joint Administrators having been taken by the Claimant in respect of Securities held as Physically-Held Certificates in order to perfect and/or remedy any defect in the formalities of the transfer of any such Securities made by the Claimant to the Firm prior to the Administration Date;
 - (v) the Claimant's Costs Contribution (or, as applicable pursuant to clause 17.6, the Claimant's Costs Allocation Value) having been paid;
 - (vi) the Claimant's Claimant's Liabilities (if any) having been paid;
 - (vii) the Security Interest over the Claimant's Client Assets having been discharged and any formalities for the removal or discharge of the Security Interest complied with;
 - (viii) the receipt by the Joint Administrators of confirmation in writing from any party receiving such Encumbered Client Assets for the account of the Claimant of the completion of customer due diligence in relation to the Claimant,

Rule 144(2)(a)

(an **Encumbered Distribution**),

provided that (a) each FSCS Protected Security Interest Claimant will not be required to satisfy condition 7.1(d)(i)(v) above, and (b) each Claimant (including, for the avoidance of doubt, each FSCS Protected Security Interest Claimant) deemed to have elected the Liquidation Option under clause 15.6(a) will not be required to satisfy conditions 7.1(d)(ii) and (iii) above.

- 7.2 Any Encumbered Client Assets to be returned under this clause 7 will be rounded down to the nearest whole number of Client Assets and returned to the relevant Claimant in accordance with clause 7.1. The Joint Administrators will, provided that it is reasonably and economically practicable to do so, realise the number of the Client Assets which have been subject to the rounding down (if any) in aggregate and will pay the realisation proceeds of the fractional entitlement to such Client Assets to the relevant Client.

7.3 The **Claimant's Liabilities** will be any Liabilities owed by the Claimant to a third party who asserts a Security Interest over any Encumbered Client Assets claimed by the Claimant.

7.4 A Claimant's **Net Assets Claim** will be:

- (a) in the case of a Claimant who has, in a Payment Options Form, elected to pay to the Joint Administrators the amount required to discharge that Claimant's Liabilities under clause 17.1(d) (*Cash Option*) or clause 17.1(e) (*Client Money Option*), and thereby discharges such Liabilities in full, the Encumbered Client Assets in respect of which it has an Accepted Client Assets Claim; or
- (b) in the case of a Claimant who has, in a Payment Options Form, instructed the Joint Administrators under clause 17.1(f) (*Liquidation Option*) to liquidate some, or all, of the Claimant's Encumbered Client Assets which are the subject of an Accepted Client Assets Claim and pay the proceeds to the relevant third party that holds a relevant Security Interest in order to discharge that Claimant's Liabilities, the Encumbered Client Assets in respect of which the Claimant has an Accepted Client Assets Claim *minus* the Encumbered Client Assets liquidated by the Joint Administrators in order to realise a sum equal to the Claimant's Liabilities (without prejudice to the Claimant's rights, if any, pursuant to clause 17.3).

7.5 If a Claimant is dissatisfied with the Joint Administrators' determination in relation to their Claimant's Liabilities, the Claimant may apply to the Court for the decision to be varied, and any such application must be made within 21 days of the Claimant receiving the Joint Administrators' determination.

Rule 157

7.6 The 21-day time period provided for in clause 7.5 above may be extended with the consent of the Joint Administrators or by the Court.

7.7 Upon an application in accordance with clause 7.5 above, the Court will fix a venue for the application to be heard and the Claimant will deliver notice of the venue to the Joint Administrators. The Court will, thereafter, determine the extent (if any) to which the amount of the Claimant's Liabilities will be varied.

7.8 The Claimant will personally pay the costs of any application under clause 7.5 (which will not be payable as an expense of the Special Administration or as part of the Costs), subject to any contrary order of the Court or agreement of the Joint Administrators.

Rule 157(8)

7.9 If, by the date of the Long-Stop Date Notice, a Claimant with an Accepted Client Assets Claim to Encumbered Client Assets has not provided the Joint Administrators with instructions in accordance with clause 15.2 and clause 15.3 (*Payment Options Form*) in relation to those Encumbered Client Assets, subject to clause 15.6 (*Payment Options Form*), a person (including the Firm) (a **Security Holder**) with a Security Interest over Securities held on behalf of a particular

Claimant will be entitled to participate in Distributions and/or Shortfall Claims in respect of those Securities to the extent of their entitlement as against that Claimant, provided that, prior to any Distribution, the Joint Administrators will be entitled to liquidate the number of the Claimant's Encumbered Client Assets which are required to discharge the Costs Contribution.

- 7.10 Security Holders will not, at any time, be entitled to claim in aggregate in excess of the Distribution which the Claimant would have been entitled to if there had been no Client Assets Claim by that Claimant. In particular, if a Reconciliation Shortfall has occurred under clause 4.1 causing a particular Claimant to bear a *pro rata* allocation of the Reconciliation Shortfall under clause 4.1, the rights of any relevant Security Holder in respect of the resultant Distribution will be limited accordingly (but this will not affect the right of the Security Holder in respect of that Claimant's resulting Shortfall Claim).

Regulation
12(4);
Rule 160

Calculation of Liabilities

- 7.11 If any Liability referred to at clause 7.3 is contingent, the Joint Administrators will take the same approach to calculating it prior to the Long-Stop Date as they would take when valuing contingent liabilities for the purposes of Rule 160(1).
- 7.12 Where the value of a contingent Liability has been determined under clause 7.11, each Claimant's Client Assets Confirmation Statement will specify any such value in, as applicable, the Columns entitled "Liabilities owed by the LLP", "Liabilities owed to the LLP" or "Liabilities owed to 3rd party".

Rule
144(5)(a);
Rule 160

8 Potential Claimants

- 8.1 Where a Potential Claimant, who has been notified under Rule 143(2) that the Joint Administrators believe it would have been eligible to submit a claim under Regulation 11(1), has failed to respond to that notice within the prescribed time, the Joint Administrators will (subject to the terms of this Distribution Plan):
- (a) make provision for Client Assets to be returned (by Transfer or Distribution) to the Potential Claimant according to the information available to the Joint Administrators in respect of the amount of Client Assets held for the Potential Claimant by the Firm; or, as the case may be,
 - (b) take into account any Security Interest that, according to the information available to the Joint Administrators, the Potential Claimant is entitled to assert over certain Client Assets held by the Firm.
- 8.2 Accordingly, amongst other things:
- (a) the Joint Administrators have prepared or will prepare Client Assets Confirmation Statements for Potential Claimants, who have failed to respond to a notice under Rule

Rule
144(4)

143(2), on the basis that such Client Assets will be the subject of a Transfer or Distribution according to the information available to the Joint Administrators in respect of the amount of Client Assets held for such Potential Claimants by the Firm; and, as the case may be,

- (b) in respect of Encumbered Client Assets, the relevant Client Assets Confirmation Statement:
 - (i) in the case of a Potential Claimant eligible to submit a claim under Regulation 11(1)(a), will, according to the information available to the Joint Administrators:
 - (A) take into account any Security Interest that a third party exerts over the relevant Client Assets by withholding from the Encumbered Distribution an amount of Encumbered Client Assets which has a value equal (or as close to equal as is possible) to the third party's secured claim against the Potential Claimant; and
 - (B) set out the number of Securities which the Joint Administrators are withholding from an Encumbered Distribution to meet any such Security Interest, unless and until such Security Interest is otherwise discharged; and
 - (ii) in the case of a Potential Claimant eligible to submit a claim under Regulation 11(1)(b), will, according to the information available to the Joint Administrators:
 - (A) take into account the Security Interest that the Potential Claimant asserts over, or other entitlement it may have to, the relevant Client Assets, by withholding from the Encumbered Distribution an amount of Encumbered Client Assets which has a value equal (or as close to equal as is possible) to the Potential Claimant's secured claim against the person who has submitted a claim and is entitled to the relevant Client Assets under Regulation 11(1)(a); and
 - (B) set out the number of Securities which the Joint Administrators are withholding from an Encumbered Distribution to meet any such Security Interest, unless and until such Security Interest is otherwise discharged,

in each case in accordance with clause 7 (*Distribution of Encumbered Client Assets*).

8.3 If, by the Long-Stop Date, the Joint Administrators still hold Client Assets for Potential Claimants, the Joint Administrators (subject to the terms of this Distribution Plan):

- (a) will not be obliged to return such Client Assets pursuant to this Distribution Plan and will be released from any obligations pursuant to this Distribution Plan in respect of such Client Assets;
- (b) irrespective of whether a Hard Bar Date has occurred, will be entitled to liquidate such Client Assets and:

- (i) pay the proceeds (if any) to the relevant Claimant; or
- (ii) if it has not been possible to make payment to the relevant Claimant, pay the proceeds (if any) into the Insolvency Services Account,

after deducting the relevant Claimant's Costs Contribution, any Claimant's Liabilities (if applicable), its *pro rata* allocation of any Reconciliation Shortfall and/or costs of discharging any Security Interest, provided that where a Hard Bar Date has occurred, the Joint Administrators will treat the relevant Claimant as an "eligible claimant" for the purposes of Regulations 12B(5)(a) and 12B(13).

9 Non-Admitted Assets

- 9.1 Any Non-Admitted Assets will be set out in the Non-Admitted Claim Statement made available to each Claimant with a Non-Admitted Claim. Non-Admitted Claim Statements will be provided to enable relevant Claimants to identify that, as at the Effective Date, their claims in respect of Non-Admitted Assets have been received but have not been accepted.
- 9.2 The details of Non-Admitted Assets set out in each relevant Claimant's Non-Admitted Claim Statement have been included for information purposes only.
- 9.3 In circumstances where the Joint Administrators do not accept a Claimant's Client Assets Claim (in whole or in part), the Joint Administrators may reject such Client Assets Claim (in whole or in part) and, in that event, will provide the Claimant with a statement in writing of the Joint Administrators' reasons for doing so as soon as reasonably practicable thereafter.
- 9.4 If a Claimant is dissatisfied with the Joint Administrators' decision in relation to the Non-Admitted Claim, the Claimant may apply to the Court for the decision to be reversed or varied. Any such application must be made within 21 days of the Claimant receiving the statement of reasons delivered in accordance with clause 9.3.
- 9.5 The 21-day time period provided for in clause 9.4 above may be extended with the consent of the Joint Administrators or by the Court.
- 9.6 Upon an application in accordance with clause 9.4 above, the Court will fix a venue for the application to be heard and the Claimant will deliver notice of the venue to the Joint Administrators. The Court will, thereafter, determine the extent (if any) to which the Non-Admitted Asset is a Client Asset.
- 9.7 Unless the Joint Administrators agree or the Court orders otherwise, the applicant's costs of such application will be paid by the Claimant and are not payable as an expense of the Special Administration or as part of the Costs.
- 9.8 Where there is an ongoing dispute between, or which involves, Claimants' entitlements to certain

Client Assets, including by virtue of a Non-Admitted Claim, the Joint Administrators will not be obliged to make a Transfer or Distribution of such Client Assets (or any part of them) pursuant to this Distribution Plan:

- (a) unless and until any such dispute is resolved (without prejudice to any resolution pursuant to this clause 9) by an agreement being drawn up between the parties in dispute; or
- (b) at all, where the Securities that are the subject of the dispute are lodged with the Court,

and, if the Joint Administrators pursue either course of action, their obligations in respect of Objective 1 with regard to these Client Assets will be deemed to be discharged.

9.9 Subject to clause 9.8(b) and clauses 10 (*Non-Returnable Client Assets*), 11 (*Tainted Client Assets*) and 12 (*Corporate Actions*), if the Joint Administrators' determination in relation to the status of Non-Admitted Assets is later reversed or varied by the Joint Administrators themselves or by the Court, then:

- (a) such Client Assets as are then determined to be held for the relevant Claimant will either be:
 - (i) returned by a Transfer in accordance with the procedure for Transfer Client Assets above as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6, the Claimant's Costs Allocation Value); or
 - (ii) returned by a Distribution in accordance with the procedure for Unencumbered Client Assets or Encumbered Client Assets above, as appropriate, as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6, the Claimant's Costs Allocation Value).

9.10 The Joint Administrators will not be obliged to take any further action with respect to Non-Admitted Assets pursuant to this Distribution Plan and will be released from any obligations pursuant to this Distribution Plan in that respect:

- (a) where court proceedings in respect of the relevant Non-Admitted Claim have been commenced pursuant to clause 9.4, as from the earlier of the date (if any) on which:
 - (i) it has been finally determined by a court that the Non-Admitted Assets are not Client Assets and all rights to appeal have been exhausted (including by virtue of a failure to appeal or final refusal to allow an appeal to proceed); or
 - (ii) any such proceedings are abandoned, or

- (b) where no court proceedings in respect of the relevant Non-Admitted Claim have been commenced by the date 21 days after the Claimant receives the statement of reasons delivered in accordance with clause 9.3.

10 Non-Returnable Client Assets

- 10.1 If an Accepted Client Assets Claim is to a Non-Returnable Client Asset, the Claimant will not be entitled to a Transfer or a Distribution, unless and until such Non-Returnable Client Asset ceases to be a Non-Returnable Client Asset.
- 10.2 Where any Non-Returnable Client Asset ceases to be a Non-Returnable Client Asset the relevant Client Asset will either be:
 - (a) returned by a Transfer in accordance with the procedure for Transfer Client Assets above as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6, the Claimant's Costs Allocation Value); or
 - (b) returned by a Distribution in accordance with the procedure for Unencumbered Client Assets or Encumbered Client Assets above, as appropriate, as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6 the Claimant's Costs Allocation Value).
- 10.3 If an Accepted Client Assets Claim is to a Non-Returnable Client Asset which remains a Non-Returnable Client Asset, the Claimant may, at any time, elect to notify the Joint Administrators in writing that it releases the Firm from any obligation to return the Non-Returnable Client Asset to the Claimant if it ever comes under the Joint Administrators' control, upon which a Shortfall Claim will automatically be deemed to have been submitted as a proof of debt under Rule 152 as an unsecured claim, without the need for the Claimant to take any further action.
- 10.4 If and to the extent any Non-Returnable Client Assets remain Non-Returnable Client Assets at the time of the Long-Stop Date:
 - (a) the Joint Administrators will not be obliged to take any further action with respect to such Non-Returnable Client Assets pursuant to this Distribution Plan and will be released from any obligations pursuant to this Distribution Plan in that respect. For the avoidance of doubt, this will not affect any rights of the relevant Clients to the Non-Returnable Client Assets otherwise than pursuant to and as affected by this Distribution Plan; and
 - (b) a Shortfall Claim will automatically be deemed to have been submitted as a proof of debt under Rule 152 as an unsecured claim as at the Long-Stop Date, without the need for the Claimant to take any further action.

11 Tainted Client Assets

- 11.1 If and to the extent that an Accepted Client Assets Claim is to a Tainted Client Asset, the Claimant will not be entitled to a Distribution or Transfer, unless and until such Tainted Client Asset ceases to be a Tainted Client Asset.
- 11.2 Where any Tainted Client Asset ceases to be a Tainted Client Asset:
- (a) the relevant Client Asset will either be:
 - (i) returned by a Transfer in accordance with the procedure for Transfer Client Assets above as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6 the Claimant's Costs Allocation Value); or
 - (ii) returned by a Distribution in accordance with the procedure for Unencumbered Client Assets or Encumbered Client Assets above, as appropriate, as soon as is reasonably practicable thereafter (subject to the discharge of the Claimant's Costs Contribution or, as applicable pursuant to clause 17.6 the Claimant's Costs Allocation Value).
- 11.3 If and to the extent that any Tainted Client Assets remain Tainted Client Assets by the Long-Stop Date, the Joint Administrators will not be obliged to Transfer or make a Distribution of such Tainted Client Assets pursuant to this Distribution Plan and will be released from any obligations pursuant to this Distribution Plan in respect of the relevant Tainted Client Assets. For the avoidance of doubt, this will not affect any rights of the relevant Clients to the Tainted Client Assets otherwise than pursuant to and as affected by this Distribution Plan.
- 11.4 Nothing in this Distribution Plan will prevent the Joint Administrators from taking any actions in relation to any Tainted Client Assets which they are required to take by law, regulation or any order of a competent court.

12 Corporate Actions Assets

- 12.1 If a Client Asset (for the purposes of this Clause, a **Relevant Asset**) has been subject to any Corporate Action after the Administration Date which resulted or will result in:
- (a) Client Money or Securities being received by the Firm; and/or
 - (b) a change in the nature of the Relevant Asset (for example as a result of a stock split, exchange and/or merger and acquisition activity),
- (**Corporate Actions Assets**) then, subject to clause 10 (*Non-Returnable Client Assets*) and clause 11 (*Tainted Client Assets*), if the Client Assets Claim in respect of the Relevant Asset is, or

in due course becomes, an Accepted Client Assets Claim, any Corporate Actions Assets will be subject to a Transfer or a Distribution in accordance with the regime which governs, or would have governed, the return of the Relevant Assets. Such Transfer or Distribution will (subject to clause 3.1) be subject to the terms of this Distribution Plan and will be effected at such time the Joint Administrators (in their sole discretion) deem appropriate in all the circumstances.

12.2 Where a Client Asset that has been subject to any Corporate Action is not in fact held by the Firm, despite any undertaking by the Firm to hold such Client Asset for the relevant Claimant, a Claimant's Shortfall Claim in respect of Corporate Actions that would otherwise have been referable to the relevant Client Asset will:

- (a) rank as an unsecured claim against the general estate of the Firm, except to the extent that it is reduced or extinguished in the determination of a Claimant's Net Assets Claim pursuant to clause 7.4; and
- (b) automatically be deemed to have been submitted as a proof of debt under Rule 152 as an unsecured claim, without the need for the Claimant to take any further action.

13 Costs Allocation

13.1 Pursuant to Rule 137, the Costs (as determined and estimated by the Joint Administrators as at the Effective Date) will be borne by each Claimant with an Accepted Client Assets Claim on the basis that each such Claimant will be required to settle its Costs Contribution (or, as applicable pursuant to clause 17.6 its Costs Allocation Value) by one or more of the methods of settlement set out in this Distribution Plan.

Rule 135; Rule 137

13.2 On any Costs Contribution Recalculation Date, the Joint Administrators will make a determination as to whether each Claimant's Costs Contribution is to be reduced as a result of:

- (a) Non-Returnable Client Assets ceasing to be Non-Returnable Client Assets;
- (b) additional Claimants being determined to have Accepted Client Assets Claims;
- (c) the aggregate contribution towards Costs by all Claimants being greater than prudently estimated by the Joint Administrators, such that the Joint Administrators determine, in their absolute discretion, that each Costs Contribution ought to be reduced accordingly; and/or
- (d) the amount of Costs as at that date being determined and estimated by the Joint Administrators to be less than the sum previously determined and estimated by them.

13.3 If there is a reduction of each Claimant's Costs Contribution as a result of a determination pursuant to clause 13.2:

- (a) the Joint Administrators will notify such reduction to each Claimant whose Costs Allocation

Value is greater than the Costs Contribution;

- (b) the Joint Administrators will calculate and pay any Costs Reserve Rebate due in respect of any Costs Contribution or Costs Allocation Value that has already been settled in accordance with clause 14 (*Costs Reserve Rebates*); and
- (c) each Claimant's entitlement to a Shortfall Claim pursuant to clause 18 (*Costs Shortfalls*) will be reduced by a corresponding amount.

13.4 Subject to clause 13.5, where FSCS pays the Costs Contribution or any part of them on behalf of an FSCS Protected Claimant, FSCS will be treated as a "Claimant" for the purposes of this clause 13 and clause 18.2 and FSCS will immediately and automatically be subrogated to all of the rights and claims of that FSCS Protected Claimant against the Firm and any third party involved in, or connected with, the matters giving rise to that FSCS Protected Claimant's claim for compensation from FSCS in accordance with COMP 7.3.

13.5 Subrogation of FSCS as referred to in clause 13.4 will not affect or reduce the relevant FSCS Protected Claimant's entitlement to:

- (a) any Transfer or Distribution of Client Assets;
- (b) any distribution of Client Money in accordance with CASS 7A; and
- (c) compensation from FSCS, in accordance with the terms of COMP, in respect of any claims against the Firm.

14 **Costs Reserve Rebates**

14.1 Any Claimant which has already settled its Costs Contribution will be entitled to a rebate in an amount equal to the difference (if any) between:

- (a) the amount of its Costs Contribution settled; *less*
- (b) the reduced Costs Contribution determined in accordance with clause 13.2.

14.2 Any Claimant which has already settled its Costs Allocation Value in accordance with clause 17.6 will be entitled to a rebate in an amount equal to the difference (if any and if a positive amount) between:

- (a) the amount of its Costs Allocation Value settled; *less*
- (b) the reduced Costs Contribution determined in accordance with clause 13.2,

any rebate calculated in accordance with clause 14.1 or this clause 14.2 being a "**Costs Reserve Rebate**".

- 14.3 Where FSCS has paid the Costs Contribution on behalf of a Claimant, FSCS will be treated as the “Claimant” for the purposes of this clause 14.
- 14.4 Subject to clause 14.5, the Joint Administrators will make any payment in respect of a Costs Reserve Rebate as soon as practicable following the relevant Costs Contribution Recalculation Date.
- 14.5 In the case of FSCS, any Costs Reserve Rebate due to FSCS in accordance with this clause 14 in the ordinary course will not result in a payment from the Joint Administrators to FSCS, and will instead take the form of a reduction in the same amount to the aggregate amount FSCS is required to pay in respect of that Claimant, except in circumstances in which no further payments are due from FSCS on behalf of FSCS Protected Claimants.

15 Payment Options Form

- 15.1 This clause 15 applies to all Claimants except each FSCS Protected Claimant (other than FSCS Protected Security Interest Claimants).
- 15.2 Following the Effective Date and at least 20 Business Days prior to any Transfer or Distribution, the Joint Administrators will make available to each relevant Claimant who has an Accepted Client Assets Claim, a Payment Options Form. An example of this form can be seen at Schedule 4 (*Example Payment Options Form*).
- 15.3 All relevant Claimants (including FSCS Protected Security Interest Claimants) are required to complete, return and comply with all the steps under the Payment Options Form in order to, subject to clause 15.6, receive a Distribution or be the subject of a Transfer.
- 15.4 If and for so long as a relevant Claimant fails to give the Joint Administrators the required instructions in relation to those of its Client Assets which are available for Distribution or Transfer in accordance with clauses 16 (*Distribution Options*) and 17 (*Payment of Costs and discharge of Security Interests*), such Client Assets will not be eligible for a Distribution or a Transfer, subject to clause 15.6.
- 15.5 Subject to clause 15.6, if, by the Long-Stop Date, (a) a relevant Claimant with an Accepted Client Assets Claim has not provided the Joint Administrators with instructions in accordance with clause 15.2 and clause 15.3 (*Payment Options Form*), and/or (b) any Encumbered Client Assets which are the subject of the Accepted Client Assets Claim have not been returned by a Distribution to the Security Holder in accordance with clause 7.5, the Joint Administrators may, if they deem it appropriate, liquidate the Client Assets and return the proceeds (if any) of such liquidation to the Claimant, after deducting the relevant Claimant’s Costs Contribution, its Claimant’s Liabilities (if applicable), its *pro rata* allocation of any Reconciliation Shortfall and/or costs of discharging any Liability that is the subject of a Security Interest.

15.6 If, at any time prior to the Long-Stop Date, a relevant Claimant with an Accepted Client Assets Claim has not provided the Joint Administrators with instructions in accordance with clause 15.3 (*Payment Options Form*):

- (a) the Joint Administrators may deem such Claimant to have provided such instructions to the extent of electing the Liquidation Option under and for the purposes of clause 17.1(f), provided that:
 - (i) they deem it appropriate and consistent with Objective 1 to do so;
 - (ii) they have given such Claimant no less than three weeks' notice in writing of their intention to do so; and
 - (iii) by the expiry of such notice period, the Claimant has still not provided the Joint Administrators with instructions in accordance with clause 15.3 (*Payment Options Form*);
- (b) for the purposes of such Claimant's deemed election, the following provisions will be treated as applicable (if and to the extent relevant):
 - (i) clause 7.3 (as if clause 7.4(b) were applicable);
 - (ii) clause 17.3;
 - (iii) clause 17.1(d)(ii);
 - (iv) clause 17.1(d)(iii); and
 - (v) clause 18.1;
- (c) for the purposes only of any subsequent Transfer or Distribution of such Claimant's remaining Client Assets, the provisions of clauses 15.3 and 15.4 requiring the Claimant to have completed, returned and complied with a Payment Options Form will be treated as inapplicable; and
- (d) the Joint Administrators will give such Claimant prompt notice of having deemed the Claimant to have provided such instructions in accordance with this clause 15.6.

16 Distribution Options

16.1 By completing the Client Assets Return Method Form and subject to clauses 17 and 18, a Claimant may instruct the Joint Administrators, in relation to those of its Client Assets which are available for Distribution following the discharge of its Costs Contribution, taking into account its *pro rata* allocation of any Reconciliation Shortfall and the discharge of any Claimant's Liabilities

(if applicable), on the relevant Distribution Instruction Date, to:

- (a) move some, or all, of the Claimant's Client Assets to another custodian in an account in the name of that Claimant;
- (b) liquidate some, or all, of the Claimant's Client Assets (excluding any Non-Returnable Client Assets and any Tainted Client Assets) and pay the proceeds to the Claimant or any person whom the Claimant directs in writing; and/or
- (c) return Physically-Held Certificates directly to the Claimant or any person whom the Claimant will direct in writing,

(each, a **Distribution Option**).

17 Payment of Costs and discharge of Security Interests

Rule s144(2)(d) and 144(2)(e)
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17.1 Before a Claimant who has an Accepted Client Assets Claim is entitled to receive a Distribution or be the subject of a Transfer:

- (a) its Costs Contribution must be settled; and
- (b) where there is a Security Interest over the Claimant's Client Assets, such Security Interest must be discharged and any formalities for the removal or discharge of the Security Interest complied with,

in accordance with the options in clauses 17.1(c) to 17.1(f) (the **Costs Options**), as follows:

- (c) the "**FSCS Option**" whereby if the Claimant is an FSCS Protected Claimant, FSCS will be liable for the Costs Contribution (subject to the FSCS compensation limit per FSCS Protected Claimant), by FSCS being deemed to exercise the Cash Option on such Claimant's behalf, provided that the FSCS Option will not be available to fund any payment required to discharge any Liabilities that are the subject of a Security Interest;

and, otherwise, as selected by the Claimant in its Payment Options Form:

- (d) the "**Cash Option**", whereby the Claimant may pay to the Joint Administrators:
 - (i) the Costs Contribution; and
 - (ii) the amount required to enable that Security Interest and the Claimant's Liabilities (if any) to be discharged,
 - (iii) in each case in Sterling by cheque (which must be received by the Joint Administrators and clear at least 5 Business Days prior to the date of the Distribution or Transfer) or by bank transfer;

- (e) the “**Client Money Option**” whereby the Claimant may instruct the Joint Administrators to use such portion of the Client Money which would otherwise be distributed to the Claimant as necessary to enable its Costs Contribution, its Claimant’s Liabilities and/or any relevant Security Interest to be discharged (in each case in whole or in part); or
- (f) the “**Liquidation Option**”, whereby the Claimant may instruct the Joint Administrators to liquidate a sufficient number of a Claimant’s Client Assets to enable its Costs Contribution, its Claimant’s Liabilities and/or any relevant Security Interest to be discharged and to discharge the Costs Contribution, the Claimant’s Liabilities and/or that Security Interest out of the proceeds of the liquidation, in accordance with the requirements in clause 17.4.

17.2 In the event that a single Costs Option will not result in the discharge in full of a Claimant’s Costs Contribution and Claimant’s Liabilities and/or any payment required to lift any Security Interest, a Claimant will be entitled to choose more than one Costs Option, provided that:

- (a) the Claimant provides express instructions in the Payment Options Form as to the ranking of their preferences as between the Costs Options; and
- (b) each Costs Option ranked by the Claimant will, to the fullest extent practicable, be exhausted in full before a lower ranking Costs Option may be used to discharge any remainder of the Costs Contribution and/or any payment required to discharge any Security Interest.

17.3 Where the Liquidation Option results in a cash surplus, that cash surplus will be returned to the Claimant in question together with those of the Client Assets which are to be returned to it (if any).

17.4 Where the Liquidation Option is followed:

- (a) the Claimant will, in its Payment Options Form, either:
 - (i) indicate that the Joint Administrators may liquidate those of its Client Assets as the Joint Administrators select (and at such time as they determine) in their absolute discretion; or
 - (ii) provide express instructions as to (a) which of the Claimant’s Client Assets to liquidate and (b) the quantity of those Client Assets to liquidate (which will be liquidated at such time as the Joint Administrators determine);
- (b) if either (a) the express instructions provided by the Claimant do not enable the Joint Administrators to discharge the Costs Contribution, any Claimant’s Liabilities and/or any relevant Security Interest (as applicable) or are not acceptable to the Joint Administrators for any other reason or (b) the Joint Administrators have attempted, but have been unable, to obtain any express instructions from the Claimant following receipt of the Claimant’s

Payment Options Form, the Joint Administrators will in each case have absolute discretion to determine:

- (i) which of the Claimant's Client Assets to liquidate;
- (ii) the quantity of those Client Assets to liquidate; and
- (iii) the time and date of that liquidation, which will be at least 10 Business Days after the Joint Administrators' failed attempt to obtain the express instructions from the Claimant referred to in clause 17.4(b),

provided that:

- (A) a Claimant will remain entitled to provide express instructions acceptable to the Joint Administrators (in their sole discretion) to enable the Joint Administrators to discharge the Costs Contribution, any Claimant's Liabilities and/or any relevant Security Interest (as applicable) at any time prior to the liquidation of the Claimant's Client Assets; and
 - (B) where the Joint Administrators have acted in good faith in liquidating all or part of a Claimant's Client Assets, the Claimant will not have any claim against the Joint Administrators or the Firm arising out of, or in connection with, the liquidation of part or all of the Claimant's Client Assets to meet its Costs Contribution, any Claimant's Liabilities and/or any relevant Security Interest (as applicable); and
- (c) any amounts owing to the Firm or payable by the Firm which are denominated in a currency other than Sterling may be converted into Sterling at the exchange rate available to the Firm on the day on which the transaction to liquidate the Client Asset settles.

17.5 The Joint Administrators will, as soon as reasonably practicable, notify each Claimant who also has Securities which make up its Client Assets Claim which the Joint Administrators reasonably believe are likely to have a value which is lower than its Costs Contribution, of its Costs Allocation Value.

17.6 In the event that a Claimant receives notification in accordance with clause 17.5, such Claimant:

- (a) will be entitled to settle and discharge only its Costs Allocation Value and not its Costs Contribution, wherever this Distribution Plan would otherwise require it to settle or discharge its Costs Contribution; or
- (b) may, subject to any other agreement with the Joint Administrators as to Costs, elect in its Payment Options Form to release the Firm from any obligation to return the relevant Client Assets to the Claimant, and in such circumstances:

- (i) the Claimant will be deemed to have waived their rights to such Client Assets;
- (ii) such Client Assets will accrue to the Firm and the Firm will be entitled to retain, transfer or dispose of those Client Assets for the benefit of the general estate of the Firm; and
- (iii) a Shortfall Claim will automatically be deemed to have been submitted as a proof of debt under Rule 152 as an unsecured claim in an amount equal to that aggregate value so notified, without the need for the Claimant to take any further action.

17.7 A Claimant who has an Accepted Client Assets Claim to Physically-Held Certificates will not be required to pay a Costs Contribution solely for the return of those Physically-Held Certificates. For the avoidance of doubt, this will not affect the Costs Contribution payable by a Claimant who has an Accepted Client Assets Claim in respect of Client Assets other than Physically-Held Certificates.

18 Costs Shortfalls

18.1 Where the Liquidation Option is followed, in accordance with Rule 137:

- (a) the shortfall in the amount of Client Assets to be returned to that Claimant attributable to the discharge of its Costs Contribution (a **Costs Shortfall**) is to be treated as a debt owed to the Claimant by the Firm arising before the Firm entered into Special Administration; and
- (b) the Shortfall Claim resulting from the Costs Shortfall will automatically be deemed to have been submitted as a proof of debt under Rule 152, without the need for the Claimant to take any further action.

Rule 137(2)

18.2 Where the Cash Option is followed, by analogy with Rule 137, the Claimant will be treated as having a debt owed to it by the Firm in the amount of the Costs Contribution paid under the Cash Option, which debt will be treated as having arisen before the Firm went into Special Administration. Such claim will automatically be deemed to have been submitted as a proof of debt under Rule 152, without the need for the Claimant to take any further action.

Rule 137(2)

18.3 Where the Client Money Option is followed, by analogy with Rule 137, the Claimant will be treated as having a debt owed to it by the Firm in the amount of the Costs Contribution paid under the Client Money Option, which debt will be treated as having arisen before the Firm went into Special Administration. Such claim will automatically be deemed to have been submitted as a proof of debt under Rule 152, without the need for the Claimant to take any further action.

Rule 137(2)

19 Assignment or Transfer

No assignment or transfer of any rights or obligations under or in respect of any Client Assets Claim will be recognised by the Joint Administrators for the purpose of determining any entitlement under this Distribution Plan without the consent in writing of the Joint Administrators (such consent not to be unreasonably delayed or withheld), save for assignments to or by FSCS or where FSCS is automatically subrogated to all or any part of the rights and claims of any FSCS Protected Claimant against the Firm and any third party involved in, or connected with, the matters giving rise to that FSCS Protected Claimant's claim for compensation from FSCS in accordance with COMP 7.3.

20 Treatment of Late Claimants

20.1 Any Client Assets Claim submitted by a Claimant (a **Late Claimant**) after any Distribution or Transfer has taken place must be correctly submitted in accordance with either Rule 139 or Rule 140 (a **Late Claim**).

Regulations 11(5) and 12B(7)

20.2 Subject to clause 20.1, in circumstances where the Late Claim is an Accepted Client Assets Claim:

- (a) if enough of those Client Assets (amounting to what the Late Claimant would, in accordance with the terms of this Distribution Plan, have received had it filed its Client Assets Claim prior to any Transfers or Distributions) are still available to be returned, they will be returned to the Late Claimant as soon as reasonably practicable subject to (i) the Late Claimant returning its Payment Options Form in accordance with clause 15.2 and clause 15.3 (*Payment Options Form*) (if applicable), and (ii) the Late Claimant paying its Costs Contribution (or, as applicable pursuant to clause 17.6 its Costs Allocation Value) and its Claimant's Liabilities in accordance with clauses 17 (*Payment of Costs and discharge of Security Interests*); but
- (b) if not enough of those Client Assets (amounting to what the Late Claimant would, in accordance with the terms of this Distribution Plan, have received had it filed its Client Assets Claim prior to any Transfers or Distributions) are still available to be returned, then:
 - (i) only such Client Assets as can be returned will be returned to the Late Claimant, subject to (i) the Late Claimant returning its Payment Options Form in accordance with clause 15.2 and clause 15.3 (*Payment Options Form*) (if applicable), (ii) the payment of the Late Claimant's Costs Contribution (or, as applicable pursuant to clause 17.6 its Costs Allocation Value) and its Claimant's Liabilities in accordance with clauses 17 (*Payment of Costs and discharge of Security Interests*); but
 - (ii) the Late Claimant will automatically be deemed to have submitted a proof of debt under Rule 152 for the value of those Client Assets not returned without the need for

the Claimant to take any further action.

20.3 For the purposes of clause 20.2, a Late Claim submitted after any Distribution Selection Date or any Transfer Cut-off Date (as applicable) will be deemed to have been submitted after the Transfer or Distribution of the assets to which the relevant Distribution Selection Date or Transfer Cut-off Date (as applicable) relates.

20.4 A Late Claim will be treated in accordance with the procedure above at clause 20.2 for Unencumbered Client Assets or Encumbered Client Assets, as appropriate. However, in no circumstances will a Late Claim disrupt those Client Assets that have already been returned, and the Claimant to whom those Client Assets have been returned will have acquired good title to those Client Assets as against the Late Claimant.

Regulations
11(5) and
12B(8)

20.5 The Firm and Joint Administrators will not be liable in respect of any breach of trust (whether as trustee or accessory) to any Claimant in respect of additional claims not reflected by any Distributions actually made where, prior to the relevant Distribution Selection Date, the Firm and/or the Joint Administrators did not have information available to them to support the existence of those additional claims.

21 Receipts in respect of Post-Distribution Shortfalls

21.1 If, after the Effective Date, the Joint Administrators and/or the Firm receive, whether directly or from a third party, Recoveries Proceeds which relate to a Post-Distribution Shortfall suffered by a particular Client or Clients, the Joint Administrators and/or the Firm (as applicable) will hold any such monies on trust for the benefit of:

- (a) the relevant Client(s); or
- (b) FSCS, where FSCS is automatically subrogated to all or any part of the rights and claims of a FSCS Protected Claimant in respect of its Post-Distribution Shortfall,

in accordance with clause 21.3 for the specific purpose of the payment to the relevant Client(s) or FSCS (as the case may be) in order to reduce or extinguish the relevant Client's Post-Distribution Shortfall or FSCS's provable debt, respectively, subject to any contrary order of the Court or any competent court.

21.2 The Joint Administrators will effect payment to the relevant Client(s) or FSCS (as the case may be) of Recoveries Proceeds as soon as reasonably practicable, based on information and records available to the Joint Administrators at that time, and the relevant Client's Post-Distribution Shortfall or FSCS's provable debt, respectively, will thereupon reduce to the extent of the amounts paid.

21.3 Recoveries Proceeds received by the Firm will be held on the basis that:

- (a) pending payment to the relevant Client(s) or FSCS (as the case may be) in accordance with clause 21.2, Recoveries Proceeds will be credited to the Recoveries Proceeds Account;
- (b) Recoveries Proceeds will be the only monies credited to the Recoveries Proceeds Account;
- (c) the Joint Administrators and/or the Firm may credit Recoveries Proceeds received by them for more than one Client to the Recoveries Proceeds Account;
- (d) the Recoveries Proceeds Account will be opened as a trust account, such that the Recoveries Proceeds are and will remain segregated from the Firm's own cash resources and will form no part of its estate;
- (e) neither the Firm nor the Joint Administrators will deposit, or otherwise invest, the Recoveries Proceeds except in the Recoveries Proceeds Account;
- (f) the Firm has no right at any time to pay, transfer or set off any amount comprising all or part of the Recoveries Proceeds in or towards satisfaction of any of the liabilities of the Firm to any person and it has no beneficial interest in the Recoveries Proceeds; and
- (g) in relation to the Recoveries Proceeds Account:
 - (i) the Joint Administrators will notify the account bank that the Firm:
 - (A) is under an obligation to keep the Recoveries Proceeds separate from the Firm's own money and Client Money;
 - (B) has opened the Recoveries Proceeds Account for the specific purposes identified in clause 21.1; and
 - (C) holds all money standing to the credit of the Recoveries Proceeds Account in its capacity as trustee under this Distribution Plan;
 - (ii) the Joint Administrators will procure that the account bank agrees that:
 - (A) it does not have any recourse or right against the Recoveries Proceeds and/or monies credited to the Recoveries Proceeds Account in respect of any sum owed to the account bank, or owed to any third party, on any other account (including any account the Firm uses for its own money or Client Money), including any right to combine the Recoveries Proceeds Account with any other account and any right of set-off or counterclaim against monies credited to the Recoveries Proceeds Account; and

- (B) it is required to release on demand all money standing to the credit of the Recoveries Proceeds Account upon proper notice and instruction from the Joint Administrators and/or the Firm, except that the account bank will be entitled to retain amounts corresponding or referable to any properly-incurred charges or liabilities owed to the account bank on, and arising from the operation of, the Recoveries Proceeds Account.

- 21.4 If Recoveries Proceeds for more than one person are credited to the Recoveries Proceeds Account, the Joint Administrators will maintain records sufficient to demonstrate the entitlements of individual Clients and/or FSCS to the credit balance on the Recoveries Proceeds Account.
- 21.5 Accrued interest on the Recoveries Proceeds Account referable to Recoveries Proceeds held for a particular Client or FSCS will be paid to that Client or FSCS (as the case may be) by the Joint Administrators.
- 21.6 Without prejudice to any right to indemnity by law given to trustees generally, the Joint Administrators will be entitled to be indemnified out of the Recoveries Proceeds in respect of all liabilities or expenses whatsoever properly incurred or suffered by them in the execution or exercise or bona fide purported execution or exercise of the trusts, rights, powers, authorities and duties created or conferred by or pursuant to this clause 21.
- 21.7 Nothing contained in clause 21.6 will entitle the Joint Administrators to be indemnified in respect of any liabilities, damages, costs, claims, charges or expenses arising from the Joint Administrators' own negligence or wilful misconduct.

22 Releases

- 22.1 Without prejudice to any Claimant's right to receive a Distribution or participate in a Transfer (as applicable) pursuant to this Distribution Plan, and save in respect of any Shortfall Claim, with effect from the Effective Date, each Claimant hereby irrevocably and unconditionally:
 - (a) releases and waives in favour of the Joint Administrators and the Released Third Parties all its rights, entitlements and interest in any Administration Claims; and
 - (b) undertakes and agrees not to commence, voluntarily aid, or in any way prosecute against the Joint Administrators or any Released Third Party (as applicable) in any jurisdiction whatsoever, any claim which seeks recovery or a determination in respect of or arising out of any Administration Claims.

23 Notice

Any notice or other written communication to be given under or in relation to this Distribution Plan will be given in accordance with Chapter 3, Part 11 of the Rules.

24 Modification

24.1 The Joint Administrators may make any additions or modifications to this Distribution Plan and/or the Client Assets Confirmation Statement before or after the Effective Date:

(a) which are of a minor, technical or administrative nature without the need for the Distribution Plan to be approved again by either the Court or the Committee; or

(b) which:

(i) are consistent with the pursuit by the Joint Administrators of Objective 1;

(ii) would not materially prejudice the interests of any Claimant or FSCS; and

(iii) have been approved by the Committee,

without the need for the Distribution Plan to be approved again by the Court.

24.2 If the Joint Administrators make any additions or modifications under clause 24.1 above, the Joint Administrators will inform Claimants by posting:

(a) the Client Assets Confirmation Statement as so amended or modified on the Client Portal; and/or

(b) the Distribution Plan as so amended or modified on the Website.

25 Illegality and Severance

If a provision of this Distribution Plan is, or but for this clause would be, held to be illegal, invalid or unenforceable, in whole or in part, in the jurisdiction to which it pertains but would be legal, valid and enforceable if part of the provision was deleted, the provision will apply with the minimum modification necessary to make it legal, valid and enforceable in that jurisdiction, and any such illegality, invalidity or unenforceability in any jurisdiction will not invalidate or render invalid or unenforceable such provisions in any other jurisdiction.

26 Governing Law and Jurisdiction

26.1 Without prejudice to the continuing existence of the statutory moratorium under paragraphs 42 and 43 of Schedule B1 to the Insolvency Act, as applied and modified by Regulation 15:

(a) this Distribution Plan and all matters (including any contractual or non-contractual obligation) arising from or connected with it will be governed by, and construed in accordance with, the laws of England and Wales;

(b) subject to clause 26.1(c), the courts of England have exclusive jurisdiction to decide and to

settle any dispute or claim arising out of or in connection with this Distribution Plan (**Proceedings**); and

- (c) this jurisdiction clause is for the benefit of the Firm and the Joint Administrators only and the Firm and/or the Joint Administrators will not be prevented from instigating Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Firm and/or the Joint Administrators may take concurrent Proceedings in any number of jurisdictions.

Schedule 1

Example Client Assets Confirmation Statement

CLIENT ASSETS CONFIRMATION STATEMENT

WEALTHTEK LLP (THE 'FIRM') - IN INVESTMENT BANK SPECIAL ADMINISTRATION

COMMENCEMENT OF INVESTMENT BANK SPECIAL ADMINISTRATION: 6 APRIL 2023

Client Identification Code:

Client name:

Client Account References:

Statement date:

Return Method: [Transfer/Distribution]

Nominated Broker:

Proposed Transfer Date/Proposed

Distribution Date:

FSCS status: [Eligible/Ineligible]

Client Assets Confirmation Statement overview

You were previously provided with your Client Assets Statement dated 12 February 2024, and were requested to complete your Client Assets Claim Form confirming whether or not you agree both your Client Assets Claim and Client Money Entitlement. This Client Assets Confirmation Statement sets out your agreed claim in respect of both Client Assets and Client Money (i.e. your Client Money Entitlement).

On [7 June] 2024, the Distribution Plan was approved by the Court. Under the terms of the Distribution Plan, clients can notify the JSAs at least 10 business days before the Proposed Transfer Date that, instead of a Transfer of their Client Assets to a Nominated Broker selected by the JSAs, they can instead request that their Client Assets are returned via one of the following Distribution methods:

1. Electing a broker of your own i.e. not the named Nominated Broker;
2. Electing for some, or all, of your Client Assets to be liquidated and the proceeds returned to you; and/or
3. Electing for the return of your Client Assets directly to you (where possible) or any person you nominate in writing to receive them.

For the purposes of streamlining this process, the JSAs have previously requested that clients inform them if they had decided to opt for a Distribution method rather than a Transfer to the Nominated Broker. Please note, the JSAs will prioritise the bulk Transfer of Client Assets in the interests of all Clients generally.

This Statement sets out the following information:

- Accepted Client Assets Claim
- Client Assets Shortfall Claim
- Any stock adjustments to held Client Assets post-6 April 2023
- Client Assets subject to a Transfer/Distribution
- Client Assets which cannot be subject to a Transfer/Distribution
- Client Money Entitlement
- Corporate Action Income received post-6 April 2023

- Corporate Action Income subject to a Transfer/Distribution
- Client's Costs Contribution
- FSCS compensation status

SECTION A: CLIENT ASSETS (INCLUDING STOCK ADJUSTMENTS FOLLOWING CORPORATE ACTIONS POST-6 APRIL 2023)

The table below, Table 1A, sets out confirmation of your Accepted Client Assets Claim, which was originally presented in Table 1 of your Client Assets Statement issued on 12 February 2024. If you submitted your Client Assets Claim Form indicating that you agreed your Client Assets Claim as stated on your Client Assets Statement, this table will contain the same information as in your Client Assets Statement, and if there were any discrepancies in your Client Assets Statement that you have been able to resolve by agreement with the JSAs, Table 1A will reflect any agreed updates to your Client Assets Claim.

TABLE 1A: Accepted Client Assets Claim

CAR	ISIN Code	Sec	Security Description	Quantity	Value of Units at 6 April 2023
	Total				

As previously reported by the JSAs, there is a significant shortfall between the Client Assets recorded as being held on behalf of clients by the Firm and the actual Client Assets held by the Firm. This produces what the JSAs have termed a reconciliation shortfall ('**Reconciliation Shortfall**'). The impact of the Reconciliation Shortfall and the resulting outcome for each client will be different for each client, as those matters will depend (for example) on the combination of the particular types of Client Assets held by each client and the level of shortfall (if any) in relation to each particular type of Client Assets.

The Reconciliation Shortfall in relation to your Accepted Client Assets Claim (as detailed in Table 1A) is set out in Table 1B below.

Table 1B shows the actual assets held by the Firm for clients of each type of securities ('ISIN') as a percentage of the assets that should be held by the Firm. By way of example, if the Firm's records indicate that 100 units of a particular type of securities are held by the Firm for clients, but only 60 units are actually held, Table 1B will note in the 'Client Assets Held (%)' column that 60% of those particular securities are held by the Firm.

The 'Client Assets Held (%)' is applied to the units that should be held for you ('Your Claim to Custody Assets (units) – "A"'). Where the number of units to be returned is not a whole number, the numbers of units will be rounded down to the nearest whole number to determine the number of units that will be returned to you under the Distribution Plan ('Expected Client Assets to be Returned (units) – "B"'). Where it is practicable to do so in the circumstances, the JSAs will realise the Client Assets which have been subject to rounding down for all relevant clients and arrange payment of the proceeds of fractional entitlements to the relevant clients.

The final column in Table 1B shows the value of the shortfall in respect of each security held by you. This is calculated by multiplying the difference between columns "A" and "B" by the unit value of the asset at the date of commencement of the Special Administration (i.e. 6 April 2023). Each client's total shortfall amount will automatically be an unsecured claim in the Special Administration without you needing to take further action.

Please be aware there may be slight differences in respect of your shortfall amount since your Client Assets Statement as a result of adjustments in any other clients' claims to that particular type of assets.

TABLE 1B: Client Assets Shortfall Claim

ISIN Sec Code	Your Claim (units)	Certificated shares to be returned (units)	Not-Held Client Assets (units)	Your Claim to Client Assets (units) – “A”	Client Assets Held (%)	Client Assets to be Returned (units)- “B”	Shortfall amount (GBP)
Total							

If there have been any mandatory stock adjustments to your Client Assets to be returned, as set out in Table 1B, held since 6 April 2023, these will be set out in Table 1C.

TABLE 1C: Stock Adjustments to your Client Assets post-6 April 2023

ISIN Sec Code	Quantity held at 6 April 2023	Date	Stock Adjustment Event	New ISIN Sec Code	Quantity post stock adjustment

The table below, Table 1D, summarises the total number of units of each stock line held by the Firm on your behalf as at the date of this Statement which will be subject to either a Transfer to the Nominated Broker on the Proposed Transfer Date or a Distribution on a Proposed Distribution Date, subject to the applicable conditions being met.

TABLE 1D: Client Assets subject to a Transfer/Distribution

ISIN Sec Code	Security Description	Quantity

There are a small number of assets which at the Statement Date are not capable of Transfer or Distribution, these are set out in Table 1E.

TABLE 1E: Client Assets which cannot be subject to a Transfer/Distribution

ISIN Sec Code	Security Description	Quantity	Reason

SECTION B: CLIENT MONEY ENTITLEMENT

Your confirmed Client Money Entitlement is set out below in Table 2, which was originally presented in Table 2 of your Client Assets Statement issued on 12 February 2024. If you submitted your Client Assets Claim Form indicating that you agreed your Client Money Entitlement as stated on your Client Assets Statement, this table will contain the same information as in your Client Assets Statement, and if there were any discrepancies in your Client Assets Statement that you have been able to resolve by agreement with the JSAs, Table 2 will reflect any agreed updates to your Client Money Entitlement.

As explained in your Client Assets Statement, Client Money will be distributed to you according to the rules contained in Chapter 7A (*Client money distribution and transfer*) of the Client Assets Sourcebook forming part of the Financial Conduct Authority’s Handbook of rules and guidance. The JSAs will make your first Client Money distribution as set out in Table 2 below, to the same broker as your Client Assets at the same time, to be held by that broker on your behalf.

It is anticipated that there may be further Client Money distributions in due course. You will be contacted prior to each proposed distribution to confirm how the Client Money should be distributed.

TABLE 2: Client Money Entitlement

Currency	Value	GBP Converted Value at 6 April 2023
«CURRENCY»	«MONEY_CURR_VALUE»	«MONEY_GBP_VALUE»
Total		«TOTAL_MONEY_GBP_VALUE»
«OUTSTANDING_AMOUNT_DESCRIPTION»		«OUTSTANDING_AMOUNT_GBP_VALUE»
Deductions in respect of amounts due and payable to the Firm		«SHORTFALL_CLAIM_DEDUCTION»
[UNRECORDED PAYMENT MADE BY THE FIRM ON x/x/x]		
[AMOUNT PAYABLE IN RESPECT OF [TRANSFER OF CERTIFICATED SHARES ON x/x/x]]		
Client Money Entitlement		«CLIENT_MONEY_ENTITLEMENT»
First Client Money Distribution – 19p in £		

SECTION C: CORPORATE ACTION INCOME (CASH INCOME RECEIVED FROM CLIENT ASSETS HELD POST-6 APRIL 2023)

In the table below, Table 3A, there is an itemised list of the cash income received (for example, arising from dividends) in respect of your Client Assets post-6 April 2023 ('Corporate Action Income'). Please note that this list has been prepared as at the date of this Client Assets Confirmation Statement and there may be additional income received in the period between the date of this Statement and the Transfer/Distribution.

TABLE 3A: Corporate Action Income received post-6 April 2023

ISIN Sec Code	Date	Income Type	Currency	Amount

The JSAs propose to Transfer/Distribute the Corporate Action Income alongside your Client Assets. Table 3B sets out the amount of Corporate Action Income to be Transferred/Distributed.

TABLE 3B: Corporate Action Income subject to a Transfer/Distribution

Currency	Amount

SECTION D: CLAIMANT'S COSTS CONTRIBUTION

The maximum costs contribution to return Client Assets for any client is £23,000 but this is limited to the value of your Accepted Client Assets Claim, as set out in Table 1A.

For the vast majority of clients your costs contribution will be paid by FSCS. If you have opted to receive FSCS compensation and you are an eligible claimant your status is set out in Table 4 below:

TABLE 4: Costs Contribution

Accepted Client Assets Claim value	[Table 1A total]
Client's Costs Contribution	[minimum of Table 1A total and £[23,000]]

FSCS Eligibility	[Eligible/Not Eligible/TBC]
FSCS Compensation	[Opted In/Opted Out]

FSCS COMPENSATION: EITHER/OR STATEMENT

You are an FSCS Protected Claimant, and your costs contribution set out above will be paid by FSCS on your behalf, there is no further action required from you in this regard.

OR

You are not an FSCS Protected Claimant. You will shortly receive a Payment Options Form via your chosen method of communication, which you will be required to complete to settle your costs contribution.

SECTION E: NEXT STEPS

The JSAs have previously contacted you and requested that you confirm whether you would seek a Distribution of your Client Assets (via one of the methods set out below) or, alternatively, and subject to the identity of the Nominated Broker being confirmed, a Transfer of your Client Assets to the Nominated Broker selected by the JSAs.

Where you have previously selected a Distribution method, the JSAs will deal with your Client Assets in accordance with your prior instructions.

If you had previously indicated you would like a Transfer of your Client Assets to a Nominated Broker or, alternatively, failed to provide a response, your Client Assets, Corporate Action Income and Client Money will automatically be the subject of a Transfer to the Nominated Broker on the Proposed Transfer Date. You are entitled to opt-out of this Transfer and select one of the following Distribution methods:

1. Electing a broker of your own i.e. not the named Nominated Broker;
2. Electing for some, or all, of your Client Assets to be liquidated and all funds returned to you; and/or
3. Electing for the return of your Client Assets directly to you (where possible) or any person you nominate in writing to receive them.

If you would like to opt-out of the Transfer to the Nominated Broker you must do so at least 5 business days prior to the Proposed Transfer Date.

If you would like to opt-out of the proposed Transfer, please complete the Transfer Opt-Out Form accessible via the link below or by scanning the QR code on your smart phone or device.

[Insert link and QR code]

Please note, opting out of the Proposed Transfer to the Nominated Broker will cause a delay in the return of your Clients Assets and Corporate Action Income as the JSAs will prioritise the bulk Transfer of Client Assets to the Nominated Broker in the interests of all Clients generally.

Where you have previously notified the JSAs of a Distribution request, the JSAs will seek to minimise the delay in the return of your Client Assets.

The JSAs have calculated your Accepted Client Assets Claim and Client Money Entitlement as stated in this Client Assets Confirmation Statement on the basis of the information available to them. If and to the extent that your entitlements as stated in this Client Assets Confirmation Statement do not appropriately reflect transactions involving Client Assets and Client Money previously held for you by the Firm prior to its Special Administration of which the JSAs are unaware, the JSAs reserve the right (i) to make necessary adjustments

to your entitlements for the purposes of subsequent Transfers and/or Distributions to you and/or other clients and (ii) to recover from you any Client Assets or Client Money already returned to you which exceed the Client Assets and Client Money to which you would have been entitled if the JSAs had previously had access to more complete and reliable information.

Schedule 2

Example Client Assets Return Method Form

CLIENT ASSETS RETURN METHOD FORM

WEALTHTEK LLP (THE 'FIRM') - IN INVESTMENT BANK SPECIAL ADMINISTRATION

COMMENCEMENT OF INVESTMENT BANK SPECIAL ADMINISTRATION: 6 APRIL 2023

The Joint Special Administrators ('JSAs') have set out a Distribution Plan which will determine how client assets are to be returned to WealthTek Clients.

Subject to any amendment by the Court, assets can be returned to clients via two methods under the distribution plan as follows:

1. by Transfer by the JSAs to a new broker nominated by the JSAs, which will then hold client assets for clients instead of WealthTek. This is likely to be the way that most client assets will be returned (subject to the discharge of any security interest over client assets); or
2. by Distribution. This means any other return of client assets if they are not transferred to the new broker nominated by the JSAs.

The JSAs expect that the majority of client assets will be returned by a Transfer to the new broker, rather than by Distribution. Only clients wishing to opt out of Transfer to the Nominated Broker need to complete this form. The default position will be that your client assets will be transferred to the Nominated Broker. Therefore, if you do not opt out of the Transfer, the JSAs will automatically arrange for your client assets to be transferred to the Nominated Broker.

You should already have completed your Client Assets Claim Form, which asked you to confirm whether or not you agree with the client assets and client money entitlement shown in your Client Assets Statement and elect to receive FSCS Compensation if deemed eligible. You should have received acknowledgment from the JSAs confirming your elections. If you have not completed your Client Assets Claim Form, it is not too late to do so, please contact the JSAs' team on as soon as possible on 0113 521 4470 or 0151 351 4700. Alternatively, you can contact us by email at WealthTekClients@bdo.co.uk.

If you wish to opt out of a Transfer, you must submit this Client Assets Return Method Form to the JSAs, at least ten business days before the Transfer Instruction Date. If you choose to opt out of Transfer to the Nominated Broker, you will be asked either:

1. to nominate an alternative broker of your own choice; or
2. to instruct the JSAs to Liquidate your client assets (i.e. to sell your client assets and pay the proceeds into a bank account that you nominate).

Please note that, if you opt for liquidation, the JSAs will sell all stocks at a convenient time in order to facilitate the return of all assets to all clients. The JSAs will not be taking instructions regarding individual stock lines and timing to ensure that stocks are sold in favourable market conditions. If you wish to liquidate your client assets strategically at a time when market conditions are favourable, it is recommended that you do so through the Nominated Broker or an Alternative Broker.

It is important that you get appropriate tax advice on your own tax affairs, including what the distribution plan means for you from a tax perspective. This remains your responsibility throughout the process and the JSAs will not have responsibility in this regard.

- 1 Please provide your four digit Client Account Reference as shown on your Client Assets Statement (or any WealthTek Statement)

Note: you only need to provide us with one Client Account Reference number. The JSAs will apply your election across all accounts held with WealthTek that are associated with you. However, if you hold any accounts in joint names (for example with your spouse) the JSAs will require you to make separate election by completing this form in joint names.

- 2 Please enter the last name of the WealthTek account holder (or company/entity name if you are not acting on your own account as an individual)

This is to allow the JSAs to perform data integrity/validation checks

- 3 Please enter the postcode of the address of the WealthTek account holder

This is to allow the JSAs to perform data integrity/validation checks

- 4 If you are completing this form on behalf of someone else, please provide your full name, email address and the basis on which you are authorised to act for the person.

- 5 I confirm that I wish to opt-out of a Transfer to the Nominated Broker and for my Client Assets to be returned by way of a Distribution, under the Distribution Plan:

I confirm I wish to opt out of a Transfer:	Y / N
--	-------

- 6 Please select your preferred distribution method.

Please note that, if you opt for liquidation, the JSAs will sell all stocks at a convenient time in order to facilitate the return of all assets to all clients. The JSAs will not be taking instructions regarding individual stock lines and timing to ensure that stocks are sold in favourable market conditions. If you wish to liquidate your client assets strategically at a time when market conditions are favourable, it is recommended that you do so through the Nominated Broker or an Alternative Broker.

I wish to appoint an Alternative Broker	
I wish to liquidate my client assets	

7 If you have opted to appoint an Alternative Broker, please provide the following:

- Name of you Alternative Broker
- Point of contact at the firm
- Email address for the Alternative Broker
- Telephone number for the Alternative Broker
- Confirmation that you have an account set up with the Alternative Broker

8 If you have opted to liquidate your client assets, please confirm you understand that this option means that the JSAs' team will in due course arrange for all your Client Assets to be liquidated and that this may not be at a point in time which maximises their value.

I confirm that I understand that the JSAs will liquidate assets in a manner that may not maximise their value. I may therefore lose money as a result of opting for liquidation of my assets.	Y / N
---	-------

9 If you have opted to liquidate your client assets, please provide details of the bank account where you would like the JSAs to distribute the proceeds, to include:

- Account name
- Sort code
- Account number
- IBAN account number (if the account is held with a bank outside the UK)

Schedule 3
Example Non-Admitted Claim Statement

NON-ADMITTED CLAIM STATEMENT

WEALTHTEK LLP (THE 'FIRM') - IN INVESTMENT BANK SPECIAL ADMINISTRATION

COMMENCEMENT OF INVESTMENT BANK SPECIAL ADMINISTRATION: 6 APRIL 2023

Client Identification Code:
Client name:
Client Account References:
Statement date:

Non-Admitted Claim Statement overview

[Capitalised terms used but not defined in this Non-Admitted Claim Statement have the meanings given to them in the Distribution Plan approved by the Court on [●].]

You are being sent this Non-Admitted Claim Statement because claims you have made in respect of Non-Admitted Assets or an asserted Client Money Entitlement have been received by the Joint Special Administrators (**JSAs**) of the Firm but not accepted by the JSAs, including where:

- (a) you disagreed with at least part of your Client Assets Claim and/or Client Money Entitlement as stated on the Client Assets Statement provided to you on or around 12 February 2024; and/or
- (b) otherwise, the JSAs have not been able to agree to at least part of any Client Assets Claim you have submitted to the JSAs and/or any Client Money Entitlement that you have asserted, based on the information available to them and the approach they have taken with respect to determining clients' entitlements.

This Statement sets out the following information:

- the parts of your claim which the JSAs have not accepted;
- the JSAs' reasons for rejecting your Client Assets Claim or asserted Client Money Entitlement; and
- next steps, including your ability to apply to Court if you are dissatisfied with the JSAs' decision in relation to your Non-Admitted Claim or rejected Client Money Entitlement, for the decision to be reversed or varied.

You will separately be issued with a Client Assets Confirmation Statement in respect of any part of your Client Assets Claim or Client Money Entitlement which has been accepted by the JSAs.

SECTION A: NON-ADMITTED CLAIM AND REJECTED CLIENT MONEY ENTITLEMENT

[Table 1 and Table 2]/[Table 1] below set[s] out the parts of your [Client Assets Claim] [and/or] [asserted Client Money Entitlement] that has not been accepted by the JSAs.

[TABLE 1: Non-Admitted Claim (Client Assets)]

ISIN Sec Code	Security Description	Quantity	Value of Units at 6 April 2023
Total			

[TABLE 2: Rejected Client Money Entitlement]

Currency	Value	GBP Converted Value at DoC
«CURRENCY»	«MONEY_CURR_VALUE»	«MONEY_GBP_VALUE»
Total		«TOTAL_MONEY_GBP_VALUE»

SECTION B: REASONS FOR REJECTION

[Insert JSAs' reasons for rejecting the asserted claims]

SECTION C: NEXT STEPS

You are entitled to apply to Court if you are dissatisfied with the JSAs' decision in relation to your Non-Admitted Claim or rejected Client Money Entitlement, for the decision to be reversed or varied. Any application to Court must be made within 21 days from the date of this Statement. For clients' convenience and assistance, a template Application Notice is included in this Statement at Schedule 1.

Any application to Court in respect of the JSAs' decision will be made at your own cost and are not payable as an expense of the special administration of the Firm (unless the JSAs agree or the Court orders otherwise).

If the Court reverses or varies the JSAs' decision in respect of your Client Assets Claim and/or Client Money Entitlement, such Client Assets as are determined to be held for you by the Firm will be returned to you under the Distribution Plan and you will be entitled to a distribution in respect of any determined Client Money Entitlement. In order for any Client Assets and/or Client Money to be returned to you, your costs contribution will need to have been paid by you or the FSCS.

If:

- (a) you do not apply to Court within 21 days of receiving this Statement;
- (b) you apply but the Court rules in favour of the JSAs (and all rights of appeal have been exhausted);
or
- (c) you abandon any application to Court,

the Client Assets and/or Client Money claimed by you, as specified in Table 1 and Table 2, will not be returned to you.

If you have changed your mind and would now like to agree your claim as stated in your Client Assets Statement, please contact the JSAs' team, by using the following link:

[Insert link and QR code]

Please note, unless and until the dispute is resolved, the JSAs will not be obliged to make a Transfer or Distribution of the Client Assets or any distribution of Client Money which is the subject of the dispute (or any part of them).

If you have received a Client Assets Confirmation Statement in respect of your agreed positions, the JSAs will be able to return the relevant Client Assets and/or distribute the relevant Client Money whilst continuing to deal with any dispute relating to your rejected Client Assets Claim or asserted Client Money Entitlement.

Schedule 1

Draft Application Notice

Case No: CR-2023-001772

**IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES INSOLVENCY AND
COMPANIES LIST (ChD) IN THE MATTER OF WEALTHTEK
LIMITED LIABILITY PARTNERSHIP (IN INVESTMENT BANK
SPECIAL ADMINISTRATION)**

**AND IN THE MATTER OF THE INVESTMENT BANK SPECIAL
ADMINISTRATION REGULATIONS 2011 AND THE
INVESTMENT BANK SPECIAL ADMINISTRATION
(ENGLAND AND WALES) RULES 2011**

BETWEEN

Insert name(s) of
applicant(s)

APPLICANT(S)

AND

**SHANE MICHAEL CROOKS, MARK JAMES SHAW AND
EMMA SAYERS**

RESPONDENTS

**(acting in their capacity as joint administrators of
WealthTek Limited Liability Partnership (in investment
bank special administration))**

Delete/complete
as applicable

This application is made under Paragraph [9.4]¹ of the
distribution plan prescribed by the Order of [●] dated [●]

¹ **NRF note:** to confirm once DP is finalised.

(the **Distribution Plan**) and Chapter 3 of the Investment Bank Special Administration (England and Wales) Rules 2011.

Insert required details (name, address, etc) of applicant(s)

The Respondents are the joint administrators (acting as agents without personal liability) of WealthTek LLP (in investment bank special administration), a limited liability partnership incorporated in England and Wales (registered number OC355200), with its registered office at BDO LLP, 5 Temple Square Temple Street, Liverpool, L2 5RH

Delete as applicable The application concerns the joint administrators' decision in relation to the Applicant's Non-Admitted Claim (as defined in the Distribution Plan) and/or the Applicant's client money entitlement under Chapter 7A of the Financial Conduct Authority's Client Assets Sourcebook.

This application is made to the Judge in the High Court of Justice, Business and Property Courts of England And Wales, Insolvency and Companies List (Chd).

Is this application within existing insolvency proceedings?

YES

The court reference number for the proceedings to which this application relates is: CR-2023-001772

Delete/complete as applicable [The Applicant(s) seek(s) the following order:

- (a) [that the joint administrators' decision in relation to the Applicant's Non-Admitted Claim be reversed or varied]; [and/or]
- (b) [that the joint administrators' decision in relation to the Applicant's client money entitlement under Chapter 7A of the Financial Conduct Authority's Client Assets Sourcebook be reversed or varied]; [and]

(c) [such other relief may be granted as the Court considers fit.]

Provide details of The [matters on which the Applicant(s) relies (rely)] OR
basis for [grounds upon which the Applicant(s) claim(s) to be
application or entitled to this relief] are as follows:

identify the

witness

statement made

in support

(a)

(b)

(c)

(d)

[OR: are set out in the witness statement of *[insert the name of the witness who has provided evidence in support and the date of the statement]*]

Insert names,

addresses of

those to whom

notice of the

application is to

be given (if any)

The names and addresses of the persons on whom it is intended to serve this application are:

Shane Michael Crooks, Mark James Shaw and Emma Sayers (joint administrators of WealthTek Limited Liability Partnership (in investment bank special administration))

5 Temple Square Temple Street, Liverpool, L2 5RH

With a copy to:

Norton Rose Fulbright LLP

3 More London Riverside, London, SE1 2AQ

Attn: Mark Craggs and Nicole McKenzie

This is the

address that the

court will use for

all

communications

to the Applicant

until notified

otherwise in

writing

The address for service for the Applicant(s) is:

[•]

[•]

Tel: [•]

Email: [•]

If the Application is authenticated by the sole member of a body, this fact and the body in question must be identified

Dated: _____
Signed: _____
[Solicitor for] The Applicant(s)
Name: _____
Position Held: _____

For court use

Endorsement by the Court

(Where the Application is issued by e-filing, the endorsement will normally be on the front of the Application, beneath the seal)

This application will be heard:
Date: [●]
Time: [●]
Place: [●]
This application was issued at [the Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL].

Schedule 4
Example Payment Options Form

PAYMENT OPTIONS FORM

WEALTHTEK LLP (THE 'FIRM') - IN INVESTMENT BANK SPECIAL ADMINISTRATION
COMMENCEMENT OF INVESTMENT BANK SPECIAL ADMINISTRATION: 6 APRIL 2023

This Payment Options Form is only relevant to WealthTek Clients who:

- have opted out of FSCS compensation and are therefore required to meet their own costs contribution; or
- are not eligible for FSCS compensation (even if they have opted in) and are therefore required to meet their own costs contribution; or
- have a security interest over certain of their assets which they are required to discharge prior to any Transfer or Distribution (FSCS compensation does not cover this).

As a result of the above, the JSAs consider that you have a liability which must be discharged as notified to you by the JSAs and request that you indicate the way in which you wish to settle this liability.

If you have received this form and do not believe that you fall into one of the above categories and therefore are not required to meet this liability, please contact the JSAs' team on as soon as possible on **0113 521 4470** or **0151 351 4700**. Alternatively, you can contact us by email at **WealthTekClients@bdo.co.uk**.

Please note that you will not be eligible for returns of Client Assets until you have completed and returned this Payment Options Form to the JSAs, and all steps described in this Payment Options Form have been complied with.

- 1 Please enter your unique client identification number shown on the notification of liability received from the JSAs.

This number is shown in bold in the title section of your notification and comprises letters and numbers in the following format (ABCD-0123). This identification number applies to all your WealthTek Client Account References.

- 2 Please enter the last name of the WealthTek account holder (or company/entity name if you are not acting on your own account as an individual)

This is to allow the JSAs to perform data integrity/validation checks

- 3 Please enter the postcode of the address of the WealthTek account holder

This is to allow the JSAs to perform data integrity/validation checks

- 4 Please rank the options for payment listed below in order of preference by numbering 1-5 in the boxes to the right to show your most preferred option (number 1) and your least preferred (number 5).

Cash payment via bank transfer: The JSAs will provide details of the relevant payment account in further correspondence.	
Cash payment via cheque: The JSAs will provide details of the relevant payee name and address in further correspondence.	
Deduction from any cash distribution in respect of your Client Money Entitlement	
Liquidate Client Assets held by WealthTek on your behalf at the JSAs' discretion	
Liquidate Client Assets held by WealthTek on your behalf on your express instruction: The JSAs will provide a breakdown of your asset holdings for selection of relevant assets in further correspondence	

Schedule 5 Return Procedure

Part A - Dematerialised Securities Return Procedure

- 1 If the Claimant's Client Assets are Dematerialised Securities, where the Claimant has elected in their Client Assets Return Method Form for their Client Assets be moved to a new custodian, as confirmed in the Client Assets Confirmation Statement, the Joint Administrators will contact the Claimant requesting a signed copy of their new custodian's standard settlement instructions. This should include instructions for the delivery of securities, cash payment instructions and contact details for the Claimant's new custodian.
- 2 The Claimant must ensure that their Client Assets are being moved to an account in their name at their new custodian. Client Assets will not be moved to an account that is not in the Claimant's own name.
- 3 The Claimant's new standard settlement instructions will be entered into the settlement system to be utilised by the Joint Administrators for the return of Client Assets.
- 4 The Joint Administrators will contact the Claimant to agree the details of the move and a trade and settlement date will be provided by the Joint Administrators.
- 5 The new custodian of the Claimant will be contacted by the Joint Administrators to agree the details of the move.
- 6 The Claimant must instruct their custodians and provide the custodians with details of the move including the trade and settlement date.
- 7 Instructions will be submitted to the custodians of the Firm by the Joint Administrators for the trade.
- 8 The Claimant will be notified by the Joint Administrators if there are issues with the matching of the delivery instructions.
- 9 The Claimant will be notified by the Joint Administrators of the settlement of the trade.
- 10 Alternatively, where the Joint Administrators (acting reasonably) deem it appropriate and consistent with Objective 1 to do so, they may instruct a competent central securities depository, a depository, clearing system, registrar or issuer (as applicable) to cause one or more physical certificates representing the relevant Securities to be issued in place of any of a Claimant's Dematerialised Securities, and for such physical certificate(s) to be issued in the name of the Claimant. Where the Joint Administrators elect to do so, they may subsequently return such physical certificate(s) through any of the following methods:
 - (a) in accordance with the Physically-Held Certificates Return Procedure described at Part B

of this Schedule 5; or

- (b) by sending such physical certificate(s) via registered post to the address of the Claimant stated in the Client Assets Confirmation Statement.

Part B – Physically-Held Certificates Return Procedure

- 1 If the Claimant's Client Assets are Physically-Held Certificates and the Claimant has elected to have its Client Assets returned directly to it in the Client Assets Return Method Form, if they have not already done so, the Joint Administrators will contact the Claimant requesting full details to send the Physically-Held Certificate(s) to the relevant Claimant or the Claimant's new custodian. These details must include name and address of the Claimant or their new custodian.
- 2 The Physically-Held Certificate(s) can only be returned to the Claimant or the Claimant's new custodian.
- 3 The Joint Administrators will return the Physically-Held Certificate(s) by post to the address specified by the Claimant. This must be the Claimant's own address or the address of the Claimant's new custodian.