

**SVS Securities plc (in special administration)**

**Claims Portal Guidance Notes**

This note has been prepared by the joint special administrators of SVS Securities plc (in special administration) (the "**Company**"). It contains guidance for Clients on the Claims Portal.

This note does not constitute legal, tax, financial or other professional advice. Clients may wish to consider seeking independent professional advice before taking any action in connection with their Client Assets.

In this note, we use the following abbreviations and definitions:

<b>Abbreviation</b>	<b>Meaning</b>
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
LSE	London Stock Exchange
<b>Definition</b>	<b>Meaning</b>
Bar Date	the date by which Clients must submit their claims in respect of Client Assets via the Claims Portal
Claims Portal	the Company's online client claims portal
Client	a person for whom the Company holds Client Assets
Client Assets	Client Money and Custody Assets
Client Money	cash held for Clients by the Company subject to FCA rules
Custody Assets	shares, bonds and other securities held for Clients by the Company subject to FCA rules
Distribution Plan	a statutory distribution plan designed to facilitate the return of Client Assets
Regulations	The Investment Bank Special Administration Regulations 2011
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011

## 1. GENERAL

### 1.1 *What is the purpose of the Claims Portal? And what is a claim?*

As part of the special administration process, each Client should submit and agree their claim to Client Assets with the administrators. The Claims Portal is designed to simplify this process for Clients.

For these purposes, when we refer to a 'claim' we mean a claim to the ownership of Client Assets. The Claims Portal cannot be used for the submission of any other type of claim, including unsecured creditor claims, such as supplier claims or any claims Clients may make relating to advice received from the Company. Further information relating to such other types of claim will be made available to Clients on the dedicated website [www.leonardcurtis.co.uk/svs](http://www.leonardcurtis.co.uk/svs), which is updated on an on-going basis.

### 1.2 *What do I need to do?*

You are required to take action by the Bar Date, being 10 January 2020.

You must log on to the Claims Portal and complete the simple three-step process set out below for each account you hold with the Company:

1. review your holdings and agree, dispute or waive them;
2. consider whether to apply for FSCS compensation; and
3. finalise your submission.

Upon submission, you will automatically be sent an email from [webmaster@insolvencydata.co.uk](mailto:webmaster@insolvencydata.co.uk) with confirmation of your actions. Please retain this email for your records.

### 1.3 *How long will it take to submit my claim?*

We anticipate that it should take Clients no longer than 15-30 minutes to submit their claim. Clients may wish to have their most recent account statements to hand to assist them when completing their claim.

### 1.4 *What will happen if I do not submit a claim via the Claims Portal?*

As we have explained in our proposals (which are available at [www.leonardcurtis.co.uk/svs](http://www.leonardcurtis.co.uk/svs)), our preferred strategy is to transfer all Client Assets to another regulated broker, regardless of whether Clients agree or dispute their holdings, or do not engage with the Claims Portal. For any Client who does not submit a claim via the Claims Portal by the Bar Date, the administrators intend to effect the transfer based on the Company's records.

This means that any Client who does not submit a claim via the Claims Portal by the Bar Date will lose the opportunity to dispute any of the holdings shown on their statement in the Claims Portal.

The Claims Portal also allows Clients to apply for FSCS compensation through a simplified process. Any eligible Client who does not pursue their claim via the Claims Portal may have to pursue compensation separately from the FSCS for any losses.

### 1.5 *Can anyone else view my statement and personal details on the Claims Portal?*

No. Each Client has been provided with unique login details and can only access their own statement and personal information.

1.6 *What is the purpose of the disclaimer statement?*

The details of Client Assets on the Claims Portal are based on the Company's records and we are unable to guarantee that those records are accurate. Accordingly, the disclaimer statement excludes any liability on the part of the Company, the administrators and the administrators' firm, Leonard Curtis, in connection with that information.

1.7 *How long will it be before my Client Assets are returned?*

As we have explained in our proposals (which are available at [www.leonardcurtis.co.uk/svs](http://www.leonardcurtis.co.uk/svs)), we are developing a Distribution Plan to facilitate the return of Custody Assets. The Distribution Plan must be approved by the creditors' committee and the court before Client Assets can be returned. We are aiming to obtain court approval during the first quarter of 2020. The Regulations and the Rules provide for a very similar Bar Date process for Client Money and, although a Distribution Plan is not required for the return of Client Money, we anticipate running a parallel process for the distribution and return of Client Money to one or more nominated regulated brokers.

For more information on what happens next, see paragraph 4.1 below.

1.8 *When submitting my claim, is an electronic signature acceptable?*

Yes. It is now common practice for companies to accept electronic signatures, which are legally binding.

If you are authorised to submit a claim on behalf of a Client under a Power of Attorney, please contact the administrators at [svs@leonardcurtis.co.uk](mailto:svs@leonardcurtis.co.uk).

1.9 *Who should submit the claim when it is held through a SIPP?*

In the event that there is a SIPP arrangement in place with the Company, the SIPP trustee should submit any claim to Client Assets on behalf of the underlying SIPP beneficiaries. If you are a SIPP trustee submitting a claim on behalf of a SIPP beneficiary, please contact the administrators at [svs@leonardcurtis.co.uk](mailto:svs@leonardcurtis.co.uk).

1.10 *Who should submit the claim when it is held as a joint account?*

If you hold an account with the Company jointly with another person, either accountholder may submit a claim. Only one claim should be submitted per account, however the cap on FSCS compensation applies per person, meaning that joint accounts benefit from a compensation limit of £170,000. Please refer to the FSCS website for more information: [www.fscs.org.uk](http://www.fscs.org.uk).

1.11 *I think I have a negligence/mismanagement claim against the Company*

The administrators are aware that some Clients may feel that they have a claim against the Company, because they feel that the Company was negligent or mismanaged their investments, resulting in losses other than shortfall losses.

As mentioned in paragraph 1.1 above, the Claims Portal can only be used for the submission of claims to the ownership of Client Assets and cannot, therefore, be used to submit claims against the Company for negligence or mismanagement claims. However, Clients will be able to submit claims of this type via the FSCS online portal at [www.fscs.org.uk/your-claim/](http://www.fscs.org.uk/your-claim/) in due course. Further updates on this part of the process will appear on the FSCS website ([www.fscs.org.uk/failed-firms/svs/](http://www.fscs.org.uk/failed-firms/svs/)). Although this is separate from any claim a Client may have in relation to a shortfall in the Client Assets held by the Company, it is subject to the same overall cap on FSCS compensation of £85,000 in total per person.

We anticipate that existing claims against the Company with the Financial Ombudsman Service will be transferred to the FSCS when the FSCS is ready to begin taking those claims. Once the FSCS is in receipt of the claims, it will contact affected Clients. If a claim is accepted, the FSCS may pay compensation and if so, will take an assignment of the Clients' rights against the Company.

## 2. **STATEMENT**

### 2.1 *What will happen if I dispute my statement?*

You must provide the reasons for disputing your claim, including any relevant supporting documentation within 14 days. These should be sent to [svsdispute@leonardcurtis.co.uk](mailto:svsdispute@leonardcurtis.co.uk).

We will then review the reasons you have given for disputing your statement and we will contact you by email to request any further information we need. You will not be contacted by telephone.

We are aware that claims management companies and fraudsters are targeting Clients by telephone and purporting to be either from Leonard Curtis or the Company. Please refer to our previous warnings on fraud on our dedicated website at [www.leonardcurtis.co.uk/svs](http://www.leonardcurtis.co.uk/svs).

### 2.2 *If I dispute my statement, why can't I upload evidence directly to the Claims Portal?*

For security reasons, and owing to the risk of data corruption (for example by viruses contained within uploaded documents), any evidence you wish to provide in support of your claim must be sent to us by email.

### 2.3 *Why would I want to waive my claim to my Client Assets?*

We do not expect Clients to waive their claims to Client Assets. However, some clients may not wish to pursue their claim to Client Assets should the value of their Client Assets be negligible. If so, Clients are able to "waive" their claim within the Claims Portal. This means that the Client irrevocably and unconditionally waives their right to make any claim against the Company now or in the future and releases the Company from all and any liability in respect of any such claim.

We encourage any Client unsure about waiving their claim to seek independent professional advice from a legal or financial advisor.

### 2.4 *Why doesn't my statement contain asset valuations?*

The value of some Custody Assets fluctuates on a daily basis, whilst others are illiquid and have no readily available market value. As a result, Clients are requested to agree the quantity (rather than the value) of their Custody Assets. Clients may be able to monitor the value of their Custody Assets using sources such as the LSE website, the Financial Times or by speaking to their financial advisor.

### 2.5 *Why does my Client Money statement not include dividends and bond coupons received after the Company's entry into special administration?*

All dividend and bond coupon receipts are continuing to be received and banked separately by the administrators and held in designated bank accounts for Clients. Clients' records are being updated to reflect these receipts.

All such receipts post-date the administrators' appointment on 5 August 2019, being the date of the statements on the Claims Portal. Accordingly, the statements do not include dividends and bond coupons received after that date.

### 2.6 *Will there be any shortfalls of Custody Assets?*

The administrators have conducted reconciliations of Client Money and Custody Assets against the Company's books and records in accordance with their duties. Although the administrators have not identified any material shortfalls in the client estate at this time (other than those created by the impact of the likely costs of distribution and transfer), it is possible that the process of Clients submitting claims via the Claims Portal could lead to shortfalls being identified in future. The administrators will be able to provide further updates to Clients regarding shortfalls (if any) once the Bar Date has passed.

2.7 *Will there be any surplus of Client Assets?*

If you waive your claims to Client Money or Custody Assets, they will remain part of the client estate. In the event there is a surplus of unclaimed Client Money or Custody Assets in the client estate after deducting the costs of transfer and distribution, the administrators will pay the surplus to a registered charity of their choice, where permitted by law. If such payment to charity is not permissible, the administrators will transfer the surplus to the Company's own bank accounts for the benefit of the Company's general estate.

2.8 *What are 'open trades' and are they reflected in my statement?*

Approximately 670 share trades had been agreed but not settled as at the date of the administrators' appointment. As the trades had not been settled, the statements available on the Claims Portal have been corrected so as to not include those trades. The open trades may have been shown on previous statements.

Individual clients with open trades will have received a letter from the LSE setting out the process to conclude these transactions.

2.9 *Why does my statement on the Client Portal differ from the previous statement provided by the administrators?*

Statements were previously issued by the administrators to Clients for the purposes of voting at the initial meeting of Clients and creditors. As highlighted at the time, these statements were subject to change, particularly in relation to open trades.

As detailed above, there were a number of open transactions at the date of the appointment of the administrators. The previous statement provided to Clients affected by open transactions assumed these transactions had taken place, which is not the case. As detailed at paragraph 2.8 above, these transactions have now been reversed and the current statement on the Client Portal reflects the corrected position as detailed in the Company's records.

2.10 *Have post-appointment corporate actions been reflected in my statement?*

No. The statements on the Client Portal are reflect the Company's records as at 5 August 2019, the date on which it was placed into special administration. Mandatory corporate actions relating to the assets held in your account post-administration will continue to be actioned. However we are unable to execute voluntary corporate actions which require an elective decision to be made by Clients.

The administrators are seeking to complete the transfer and return of Custody Assets and Client Money to Clients as soon as possible, which will mean that Clients can then effect corporate actions going forward in the usual way.

2.11 *What if I owe money to the Company?*

If the Company has acted upon your instructions to acquire Custody Assets, the acquisition will be reflected in your statement and the amount you are required to pay will have been deducted from your Client Money holding. If you have insufficient Client Money to pay for the acquisition, the amount you owe will be reflected in your statement.

### 3. **FSCS**

#### 3.1 *What is the FSCS?*

The FSCS is the compensation fund for retail customers of authorised financial services firms (such as the Company). It protects private individuals and small businesses if an authorised firm becomes insolvent and cannot return money or investments to its customers. For eligible claims, the FSCS can pay up to £85,000 in compensation per person.

Please refer to the FSCS website for more information: [www.fscs.org.uk](http://www.fscs.org.uk).

#### 3.2 *How will FSCS compensation work in this case?*

The costs of returning Client Assets will be material and would, in the ordinary course, ultimately be paid out of Client Assets. We are working with the FSCS to try to ensure that (where possible) the FSCS will fund the costs of the transfer of Client Assets for eligible clients directly so that that Client Assets remain intact. In summary, this will enable the administrators to transfer Client Assets without cost deductions (provided that the costs of the transfer are less than £85,000).

#### 3.3 *Am I eligible for FSCS compensation?*

We currently expect the vast majority of clients to be eligible to be compensated in full by the FSCS. However, it appears there may be a small number of Clients who may face shortfalls as a result of the Company's insolvency, either because they are ineligible for FSCS compensation or because, owing to the value or amount of their Client Assets, the costs of transferring their Client Assets will exceed the cap on FSCS compensation of £85,000 per person.

Whether or not any eligible client will suffer such a shortfall will be determined by the costs of the transfer of their Client Assets. The level of those costs and methodology for allocating those costs cannot be finalised until the structure of the transfer of Client Assets has been agreed. However, clients should be assured that those costs (and the terms of the Distribution Plan) will be made available and will be subject to review by the creditors' committee in due course.

The FSCS are in the process of providing some illustrative examples of the allocation of costs on similar cases, which will be available here: <https://www.fscs.org.uk/failed-firms/svs/>.

Further information on FSCS eligibility is available at [www.fscs.org.uk/what-we-cover/eligibility-rules/](http://www.fscs.org.uk/what-we-cover/eligibility-rules/).

#### 3.4 *What further information will the FSCS require from me?*

At this stage, we understand the Company's records include most of the information the FSCS will require to determine client eligibility for compensation. We are continuously liaising with the FSCS and we will contact Clients by email should additional information be required.

#### 3.5 *What happens if I do not accept FSCS compensation?*

If you are eligible for FSCS compensation but you do not accept it, you will have to separately agree with us how you will pay the costs of transferring your Client Assets. This could include payment by cheque or bank transfer, the deduction of funds from your Client Money holdings or the sale of a portion of your Custody Assets by the administrators. We anticipate that this process would involve additional material delay and cost to you personally before you are able to access your Client Assets.

#### 4. **NEXT STEPS**

##### 4.1 *What happens next?*

In summary, after the Bar Date, we intend to issue the Distribution Plan, which will need to be agreed by the creditors' committee and the court. In the interim, we will be identifying and working with a proposed regulated broker to whom Client Assets will be transferred. We shall also be liaising with Clients who dispute their claim in order to agree those claims. Further details and communications will be made available to clients on the dedicated website [www.leonardcurtis.co.uk/svs](http://www.leonardcurtis.co.uk/svs), which is updated on an on-going basis.

Julien Irving, Andrew Poxon and Alex Cadwallader were appointed as joint special administrators of the Company on 5 August 2019. The affairs, business and property of the Company are being managed by the administrators who act as agents of the Company and without personal liability. The administrators are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Company is authorised and regulated by the FCA.

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Registered Office: 4th Floor Princes Court, 7 Princes Street, London, EC2R 8AQ.