

SVS SECURITIES PLC (IN SPECIAL ADMINISTRATION) (THE "COMPANY")

FREQUENTLY ASKED QUESTIONS

UPDATED 15 JANUARY 2020

The frequently asked questions ("FAQs") list has been prepared with the current information available to the administrators as regards the Company's precise circumstances.

These FAQs contain the information set out in the initial FAQs issued on 6 August 2019 and the additional FAQs issued on 15 August 2019, and updated on 12 September 2019 and 1 November 2019, together with responses to further queries we have received from clients since that date.

In Section 1, we set out some key FAQs about clients' money and assets.

In Section 2, we set out some more detailed FAQs about the special administration process more generally.

The administrators will continue to update these FAQs as and when required.

THIS DOCUMENT DOES NOT CONSTITUTE LEGAL, TAX, FINANCIAL OR OTHER PROFESSIONAL ADVICE TO CLIENTS OF THE COMPANY. CLIENTS SHOULD TAKE ADVICE FROM THEIR OWN PROFESSIONAL ADVISERS BEFORE TAKING ANY ACTION IN CONNECTION WITH THEIR INVESTMENTS.

SECTION 1: KEY QUESTIONS ABOUT CLIENT ASSETS

In these FAQs, when we refer to "**Client Assets**", we mean both Client Money and Custody Assets.

- "**Client Money**" is the cash held for clients within their portfolios with the Company subject to Financial Conduct Authority ("**FCA**") rules.
- "**Custody Assets**" are the individual stocks and shares and other investments that form the rest of a client's portfolio with the Company.

Q. Are my Client Assets safe?

A. We have brought in third party experts to check that the Company's records tally with the Client Assets it actually holds. That exercise is now complete and no material discrepancies between the Company's records and the Client Assets actually held by it have been identified.

We have also taken control of the Client Assets held by the Company. This includes transferring Client Money to new trust bank accounts.

Q. How will my Client Assets be returned to me?

A. At this stage, we think it is likely that the quickest and most cost effective way for the Client Assets to be returned to clients is for them to be transferred to a single broker who is regulated by the FCA. We are in contact with a number of regulated brokers who have told us they may be interested in doing that.

If Client Assets were to be transferred to a new broker or otherwise returned to clients now, solely on the basis of the Company's records, clients might be at risk of claims from other clients or third parties who may argue that the Company's records were not correct. That could mean that clients might not get what they are entitled to, and transfers might need to be reversed later on.

There is a legal process that offers protection against claims like that. Essentially, it involves the administrators setting a deadline for clients to submit claims to Client Assets (this is known as a 'bar date') and for the Client Assets then to be transferred according to a detailed plan prepared by the administrators and approved by the clients and creditors and the court (this is known as a 'distribution plan').

We expect the administrators will need to follow that legal process so that clients and the administrators can get that protection.

Q. When will my Client Assets be returned to me?

A. The legal process we describe above is complex and the timing of any transfer will depend on a number of different factors, such as whether the Client Assets can be transferred to a single broker or a number of brokers (if it is more than one broker, the process will be more complex and further details will be provided at the appropriate time).

There are a number of steps the administrators will need to go through including:

- building an online client portal so that clients can see their holdings of Client Assets and submit their claims;
- setting the bar date and then reviewing clients' claims; and
- preparing the distribution plan and getting approval for it from the clients and creditors and the court.

We will obviously try to progress all of this as quickly as we can. We are aiming to obtain court approval for the distribution plan during the first quarter of 2020.

Q. Will I suffer a shortfall?

A. As we mention above, we have brought in third party experts to check that the Company's records tally with the Client Assets it actually holds. That exercise is now complete and no material discrepancies between the Company's records and the Client Assets actually held by it have been identified.

However, the costs of returning Client Assets will be material and would, in the ordinary course, ultimately be paid out of Client Assets. Clients would therefore face shortfalls as a result of the Company entering into special administration.

We are working closely with the Financial Services Compensation Scheme (the "**FSCS**"), which is the compensation fund for clients of failed investment firms like the Company. It protects people and small businesses if an investment firm fails. For eligible claims, the FSCS can pay up to £85,000 in compensation per person.

We expect the vast majority of the Company's clients will be eligible for FSCS compensation and will be covered in full by the FSCS for any losses they would otherwise suffer as a result of the costs of returning Client Assets.

However, it appears there may be a small number of clients who may face shortfalls as a result of the Company's failure, either because those clients are not eligible for FSCS compensation or because, owing to the value of their Client Assets, their losses may exceed the £85,000 cap.

SECTION 2: OTHER FREQUENTLY ASKED QUESTIONS

Q. What is a special administration?

A. The Investment Bank Special Administration Regulations 2011 (the "**Regulations**") were introduced in an attempt to improve the process where an investment bank fails. An investment bank for these purposes is a firm which holds Client Assets and holds certain permissions from the FCA.

The Company is covered by the Regulations. In part, the Regulations are an attempt to learn lessons from the failure of Lehman Brothers and the administration of Lehman's European business. In many respects a special administration is very similar to an ordinary administration. As such, it is subject to the supervision of the English High Court in London. However, some of the key aspects of a special administration are set out below:

- A) The administrators have to pursue three objectives (although the order in which they appear is not important):
- to ensure the return of client assets as soon as is reasonably practicable;
 - to engage with market bodies and regulators both here and abroad in a timely fashion; and
 - to rescue the investment bank as a going concern or to wind it up in the best interests of the creditors.
- B) A creditors' committee can be established to assist the administrators to fulfil their functions. Membership may include both general creditors of the Company and clients. At the initial meeting of clients and creditors on 10 October 2019 it was resolved to establish a creditors' committee which will consist of five clients and creditors..
- C) The costs and expenses of dealing with and distributing Client Assets are paid out of Client Assets by default. Other costs and expenses are paid out of the firm's assets. However, we expect the vast majority of the Company's clients will be eligible for FSCS compensation and will be covered in full by the FSCS for any losses they would otherwise suffer as a result of the costs of returning Client Assets.

Q. Who is regulating the current activities being performed by the administrators?

A. The administrators are performing their duties in line with the applicable Regulations and rules (including the FCA's rules). In addition, the administrators are having regular communications with the FCA on the progress and strategy of the special administration. It should be noted that the Company remains authorised by the FCA. The administrators in turn are regulated by the Institute of Chartered Accountants in England and Wales.

Q. Which business does the special administration cover?

A. The Company has been placed into special administration. No subsidiaries of the Company are covered by the special administration order and the administrators are not able to advise on matters to do with them. Clients and creditors of any other businesses should speak to their usual

contact. It should be noted however that the administrators do have control over the nominee companies that hold Custody Assets.

Q. Did the Company trade under any other names?

A. Yes - the Company provided financial services under a number of different trading styles. These alternative trading styles included the following (this list is not exhaustive):

- SVS
- SVS Capital Markets
- SVS FX
- SVS ISA
- SVS Markets
- SVS Online
- SVS Securities
- SVS Sharewatch
- SVS SIPP
- SVS Trading
- SVS XO

Q. Why has the Company entered special administration?

A. An 'own initiative requirement' ("OIREQ") was imposed by the FCA on Friday 2 August 2019. The FCA considered the OIREQ was necessary because (a) the Company was failing to satisfy the FCA's threshold conditions in relation to appropriate resources (financial and non-financial) and suitability, and (b) it was desirable to further the FCA's consumer protection and integrity objective. The terms of the OIREQ required the Company to cease all regulated activities and included further restrictions on the use of the Company's own assets and any Client Assets it held.

In view of the financial and operational position of the Company on Friday 2 August 2019, the Company's board resolved to apply to the court to place the Company into special administration, subject to receiving the requisite consent of the FCA and the Bank of England.

Q. What are the next steps for the Company?

A. The administrators aim to return Client Assets by way of a transfer to a single regulated broker and are exploring interest from regulated brokers who have told us they would be interested in that.

If an appropriate broker could be identified who is willing to receive the whole of the Client Assets, that might enable the administrators to effect an expedited transfer of Client Assets to that broker, which would then enable clients to access their Client Assets more quickly.

Unfortunately, if Client Assets were to be transferred to a new broker or otherwise distributed to clients now, solely on the basis of the Company's records without further processes being followed first, clients could be exposed to the risk of competing claims from other clients or third parties who may argue that the Company's records were not, in fact, correct. clients might not

get what they are entitled to, and distributions might need to be reversed later. The administrators therefore currently anticipate it will not be possible to transfer Client Assets without the protection for clients and the administrators of a formal bar date and distribution plan process in accordance with the Regulations.

In the circumstances, the significant advantage to clients of following a formal bar date and distribution plan process is that once clients receive their Client Assets from the Company, the applicable Regulations and rules expressly provide that such distributions cannot be disturbed by late claims from clients who assert that they were entitled to share in the Client Assets. In other words, the clients will receive good title to their assets as part of the bar date and distribution plan process.

Q. Why am I unable to log into my account?

A. Due to the pending application for special administration, the Company disabled the client systems on 2 August 2019.

Q. Did the Company segregate Client Assets in line with the FCA's Client Assets Sourcebook ("CASS") regulations?

A. The administrators have engaged specialist third-party auditors, Baldwins, to assist the administrators in carrying out a reconciliation of Client Assets from the Company's records to market systems and the Company's bank accounts.

The reconciliation was completed on 18 September 2019 and identified no material discrepancies between the Company's records and the Client Assets actually held by it.

Q. What happens after the expiry of the Bar Dates?

A. The 10 January 2020 deadline set by the Administrators for clients to submit claims in respect of custody assets and/or client money (the "**Bar Dates**") has now expired. Although the Bar Dates have now passed, the Administrators will continue to keep the online claims portal open and allow clients to submit their claim for a limited further period of time. Therefore, any clients who have not yet submitted a claim are strongly encouraged to submit a claim on or before 6 February 2020 by logging into the online claims portal and submitting their claims there. Instructions on how to access the online claims portal and submit your claim can be found [here](#).

The Administrators intend to effect a transfer of custody assets and client money to a regulated broker. For any client who does not submit a claim via the portal or paper Claim Form by 6 February 2020, in accordance with the Investment Bank Special Administration Regulations 2011, when making distributions and/or transferring your custody assets and/or client money to a regulated broker, the Administrators will rely on the records of SVS and you will not be able to challenge this. **You are therefore strongly encouraged to submit your claim on or before 6 February 2020.**

Administrators' next steps

Following the passing of the Bar Dates, the Administrators are now in the process of resolving disputes submitted by clients who disagreed with their statement.

In order to make the proposed transfer of custody assets and client money to a regulated broker, the Administrators are preparing and will in due course circulate to clients a Distribution Plan and accompanying Explanatory Statement setting out, among other things, how the Administrators propose to transfer custody assets, the costs of the transfer, to whom they will be transferred and how the Administrators are working with the FSCS to seek to meet those costs for eligible clients. The Distribution Plan must be approved by the Creditors' Committee and then by the Court before it comes into effect.

Timing of next update

The Administrators' first progress report will be circulated to clients and posted on the dedicated website (<https://www.leonardcurtis.co.uk/svs/>) towards the end of February 2020, which will provide a further update on progress towards achieving the Administrators' strategy as set out in the Administrators' proposals dated 25 September 2019.

Q. My funds were held in a segregated account, why can't they just be returned?

A. Pursuant to CASS, on insolvency all designated segregated Client Money accounts are pooled and any segregated client is entitled to a share in the Client Money pool ("CMP") on a pro-rata basis. Until the overall total of claims against the CMP are established, money cannot be returned to individual clients having a claim against the CMP.

Q. Do I have a claim into the CMP?

A. All clients for whom Client Money should have been segregated will have a claim against the CMP.

Q. I would like to close my account now and have the Client Assets returned to me - can you action this?

A. The Company is unable to action requests for withdrawals from client accounts, including requests made prior to the appointment of the administrators that remain outstanding. If you held an account containing Client Assets at the date of appointment you will be required to follow the claims process in order to receive a distribution in respect of assets owed to you. The administrators' current strategy regarding the transfer of Client Assets is described above.

Q. Can I make a claim to the FSCS for amounts owed to me by the Company?

A. The FSCS is the compensation fund for retail customers of authorised financial services firms. 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.

The administrators are working closely with the FSCS to streamline the process for clients' claims for shortfalls arising on their Client Assets through cost levies. Where eligible clients would otherwise experience a shortfall of up to a value of £85,000 (for example, as a result of the costs of the transfer of their Client Assets to a nominated regulated broker), the FSCS will seek to provide compensation in respect of eligible clients without it being necessary for a claim to be

submitted in most cases. Further information on FSCS eligibility is available at www.fscs.org.uk/what-we-cover/eligibility-rules/.

The administrators currently expect that the vast majority of clients will be compensated in full by the FSCS for any costs of the transfer of their Client Assets. Under FSCS rules, individuals and small companies are eligible claimants. 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/amount of their holdings of Client Assets, their loss may exceed the cap on FSCS compensation of £85,000 per person.

Q. What if I owe the Company money?

A. You will be asked to pay that money. We will write to you with details of where the money should be paid.

Q. How will the administrators deal with assets held in a SIPP or pension scheme?

A. If you are invested via a SIPP or pension scheme, your SIPP provider or pension scheme trustees will be contacted to agree a statement of claim, assist with any potential claim to the FSCS and ultimately how the return of Client Assets should be completed. The administrators will be making detailed enquiries into any such arrangements and will update clients as soon as possible.

Q. How will the administrators deal with assets held in an ISA?

A. The administrators are making detailed enquiries into any such arrangements and will update clients as soon as possible as regards the return of Client Assets. The administrators are also liaising with HMRC as regards maintaining the tax status of ISAs.

Q. I am a supplier of the Company, what should I do?

A. The administrators will write to you in due course regarding outstanding balances and ongoing supply (if they have not already done so), however, please send correspondence to SVS Securities plc (in special administration) c/o Leonard Curtis, Princes Court, 7 Princes Street, London EC2R 8AQ or to svs@leonardcurtis.co.uk in the first instance.

Q. I am a creditor of the Company, what should I do regarding outstanding balances?

A. The administrators will write to you in due course regarding outstanding balances and ongoing supply (if they have not already done so), however, please send correspondence to SVS Securities plc (in special administration) c/o Leonard Curtis, Princes Court, 7 Princes Street, London EC2R 8AQ or to svs@leonardcurtis.co.uk in the first instance.

Q. How do I advise the administrators of any matter?

A. If you wish to advise the administrators of any matters please email them at svs@leonardcurtis.co.uk.

Q. Where should I direct further queries?

A. A mailbox (svs@leonardcurtis.co.uk) and telephone number (0203 457 4871) have been set up for those affected by the special administration of the Company; we would encourage you to direct any further queries to this address. This mailbox is being monitored by the administrators'

staff and they will endeavour to answer your queries as soon as possible. However, due to the volume and similarity of certain queries being received, certain queries will be addressed through updates on the administrators' website. Please monitor the website for latest updates at www.leonardcurtis.co.uk/SVS.

Q. If I find another broker, can my investments and assets be transferred?

A. At this stage, we think it is likely that the quickest and most cost effective way for the Client Assets to be returned to clients is for them to be transferred a single broker who is regulated by the FCA.

If no appropriate single broker can be identified, and a series of transfers are effected to multiple brokers instead, the process of transferring Client Assets is likely to be more protracted, because of the extent of the work required to return assets on a piecemeal basis to multiple destinations. In those circumstances, we expect clients will have the opportunity to object to the transfer of their Client Assets. We will provide further details on this in due course should that be necessary.

Q. What happens if I want to sell some of my shares?

A. The Company is restricted from trading during the special administration and is not in a position to facilitate the sale of any of your investments or assets.

Q. Will share dividends continue to be added to my account during the special administration?

A. Share dividends accruing after the date the Company went into special administration (5 August 2019) will be held in a separate Client Money account during the special administration.

Q. What happens if I am approached by a claims management company (which may also be called an introducing agent, managing agent or third party management solutions company)?

A. You should proceed with caution if you are approached by a third party like this. For the vast majority of clients, there is no benefit in involving a third party in reclaiming your assets. Promises from such third parties that by using their services you will be able to (a) recover your Client Assets more quickly; and/or (b) recover a higher percentage of your Client Assets, should be treated with extreme caution. Please be assured that the special administration will be conducted in a client friendly manner.

Support is available to all clients and further information on the special administration should be sought in the first instance from www.leonardcurtis.co.uk/SVS. If further assistance is required, clients may email either svs@leonardcurtis.co.uk or telephone the dedicated call centre on 0203 457 4871. If you use a third party to assist in the return of your assets, the third party is likely to seek a fee which may reduce what you get back.

Clients and creditors are encouraged to remain vigilant and to exercise caution when dealing with correspondence regarding the special administration. If you are in any doubt regarding the authenticity of any communication that you may receive, please do not hesitate to contact the administrators

Q Why haven't I been notified of the Company entering special administration?

A. On 9 August 2019, we sent a letter to all clients of the Company per the records available to us. If you haven't received the letter, a copy can be found on our website at www.leonardcurtis.co.uk/SVS.

If you think our contact details for you may be incorrect or wish to update your contact details, please write to us via email at svs@leonardcurtis.co.uk.

Please provide one of the following as proof of your new address:

- mortgage statement or mortgage redemption statement
- recent utility bill - gas, electricity, water
- credit card bill
- mobile phone bill
- bank statement
- current driving licence
- lease agreement
- insurance card
- voter registration card
- national identity card

Q. What has happened to open trades?

A. The Company cannot complete open trades for a variety of reasons. The London Stock Exchange ("LSE") and the NEX Exchange ("NEX") has been notified of the default. We are currently working with the LSE and NEX as they implement their default rules. You are likely to be contacted by the LSE and NEX in writing if you are an affected client.. The letter will set out the position and the next steps which should be taken by clients. If you are unsure of your position, we suggest that you seek your own independent advice from your financial advisor, accountant or relevant professional.

Q. Will the administrators facilitate corporate actions in relation to Custody Assets held on my behalf?

A. Owing to the Company having entered special administration, clients are currently unable to effect corporate actions in relation to Custody Assets held on their behalf, such as:

- exercising shareholder rights to vote: (i) at company general meetings; (ii) on schemes of arrangement; (iii) on takeover offers; and (iv) on de-listings, de-mergers, liquidations, and changes of name;
- exercising conversion rights and redemption rights;
- exercising warrants; and
- participating in rights issues, bonus issues, open offers, tender offers, consolidations, and returns of capital.

The administrators are seeking to complete the transfer and return of Client Assets to clients as soon as possible, which will mean that clients can then effect the corporate actions described above in the usual way. However, should it become apparent that the transfer process is likely to become protracted, the administrators will then endeavour to give effect to clients' requests in relation to such corporate actions, where reasonably practicable for the administrators to do so and to the extent permitted by their legal and regulatory obligations.

The administrators are developing a policy that will enable them to do that (should it become necessary) in a fair and consistent way and to ensure they can be satisfied that it is appropriate for them to comply with each such request (for example, by verifying that the client making the request owns the relevant Custody Assets and is the only client entitled to make that request, and that the relevant Custody Assets are not subject to any restrictions that would prevent the administrators from complying with the request) and that their costs of so complying will be met.

Unfortunately, the administrators will not be able to facilitate any requests relating to corporate actions until that policy is in place.

CONTACT DETAILS

Website: www.leonardcurtis.co.uk/SVS

Email: svs@leonardcurtis.co.uk

Phone: 0203 457 4871

Address: SVS Securities plc (in special administration), c/o Leonard Curtis, Princes Court,
7 Princes Street, London EC2R 8AQ

The administrators will provide further updates once in a position to do so and therefore request you continue to monitor the website.

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, 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. FCA reference number 220929. Registered in England No. 04402606. Registered Office: Riverside House, Irwell Street, Manchester M3 5EN