

The Investment Bank Special
Administration Regulations 2011

The Insolvency Act 1986

Administrators' progress report

Name of Company Alpari (UK) Limited	Company number 05284142
In the High Court of Justice [full name of court]	Court case number 526 of 2015

(a) Insert full name(s)
and address(es) of
administrator(s)

I/We (a)

Samantha Rae Bewick
KPMG LLP
15 Canada Square
Canary Wharf
London
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Richard Heis
KPMG LLP
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Edward George Boyle
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Joint Special Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 19 January 2016

(b) 18 July 2016

Signed

Joint Special Administrator

Dated

16 August 2016

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Deanna Shore
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Alpari (UK) Limited – in Special Administration

Joint Special Administrators' progress
report for the period 19 January 2016
to 18 July 2016

16 August 2016

Notice to creditors

This progress report provides an update on the special administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the special administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.com/uk/alpari>. We hope this is helpful to you


Please also note that an important legal notice about this progress report is attached (Appendix 6)

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1 Executive summary

- This progress report covers the period from 19 January 2016 to 18 July 2016
- We have focused on all three statutory objectives set out in the Regulations (Section 2 – Progress to date)
- To date FSCS has taken assignment of 12,251 client claims and has paid compensation of USD 51.3 million to 11,751 clients (Section 2.4 – Regulatory Matters)
- We have received regulatory approval to commence the process of closing the CMP, and we will shortly be applying to court for a hearing date (Section 2.4 – Regulatory Matters)
- We have made one interim distribution from the CMP to clients of 55 cents in the USD. Our latest CMP illustrative financial outcome as at 18 January 2016 is available at <http://www.kpmg.com/uk/alpari> (Section 3 - Dividend prospects and dividends paid)
- As required by the CASS rules, costs incurred in dealing with the client money pool ("CMP") are to be charged to the CMP (Section 2.5 – Costs)
- Preferential creditors have been paid in full (Section 3 - Dividend prospects and dividends paid)
- A second unsecured dividend of 6 pence in the £ (GBP) was declared on 18 April 2016 and paid shortly thereafter, bringing the total unsecured dividend to 20 pence in the £ (GBP). The timing and quantum of a further dividend to unsecured creditors is uncertain. However, on current information we anticipate the final dividend will be paid during the course of 2017 (Section 3 - Dividend prospects and dividends paid)
- Following Mark Firmin's resignation from KPMG LLP during the period, Edward George Boyle was appointed Joint Special Administrator by Order of the Court with effect from 15 July 2016
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's clients and creditors which can be found at <http://www.kpmg.com/uk/alpari>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT



Richard Heis
Joint Special Administrator

2 Progress to date

This section updates you on our strategy for the special administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Objectives and strategy of the special administration

The Regulations set out the statutory objectives of the special administration, being,

- 1 to ensure the return of client assets (being client monies for these purposes) as soon as is reasonably practicable,
- 2 to ensure timely engagement with market infrastructure bodies and the Authorities, and
- 3 either to rescue the Company as a going concern or to wind it up in the best interests of the creditors

There is no priority to the order of the objectives and we continue to pursue all three objectives simultaneously. We prioritise the order of work on each objective as we think fit to achieve the best result overall for clients and creditors.

All funds held in segregated accounts, together with the Company's client money held in omnibus accounts designated as client monies at banks or exchange/clearing house, were automatically pooled on insolvency. Any client entitled to client money protection is entitled to a share in the pool on a pro-rata basis.

We established that there was no reasonable prospect of rescuing the Company as a going concern within the first two weeks following our appointment. Accordingly in relation to objective 3 we are pursuing the objective to wind up the Company in the best interests of the creditors.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

ETX Capital Limited ("ETX")

At the time of our last report, we had agreed an amount of USD 1,219,581 (GBP 852,854) with ETX in respect of deferred consideration due on the transfer of clients to ETX in March 2015.

On 12 February 2016 we received the agreed consideration from ETX. We do not anticipate any further realisations from ETX in respect of the client list.

Client debtors

In the period covered by this report we have realised approximately GBP 710,000 from debtor realisations.

These recoveries have been achieved from debtors based in 47 different countries, but as a result of the geographic spread of the ledger and the nature of the debts, the collection process is proving challenging (see section 2.3).

IT equipment and office furniture

During the period we have realised GBP 34,050 through our agents, Lambert Smith Hampton, in relation to IT equipment that had been retained by the JSAs for the earlier stages of the special administration, but which was no longer required

We do not anticipate any further material realisations of IT equipment and office furniture

Intellectual property

On 10 May 2016 we received GBP 11,328 from Webzilla BV in respect of sale of 2,048 IP addresses which were owned by the Company

2.3 Progress to date

CMP closure

We have received regulatory approval to commence the process of closing the CMP. Please see Section 2.4 for further details.

Communications

We continue to update our website with information and circulars to clients and creditors. These can be found at <http://www.kpmg.com/uk/alpari>

The dedicated email address for any enquiries is alpariukclaims@kpmg.co.uk

Our contact telephone number is 0333 202 1397

Client debtors

As indicated in our previous report, the geographic spread of the ledger (and the circumstances under which most of the debts arose) makes the collection process challenging. In addition to the recoveries to date, 59 debtors have entered into instalment settlement arrangements.

We have now instructed Beeston Shenton Solicitors on a predominantly 'no win no fee' basis to pursue formal recovery proceedings against the UK debtors. We have also instructed overseas collection agents to pursue recovery of the overseas accounts from within the country of the debtor. Individually targeted recovery strategies are in train to pursue material debtors cost effectively. It is not in the interest of creditors to provide extensive details of this process, however details are shared with the creditors' committee.

We have successfully petitioned for the bankruptcy of a number of other debtors.

We will continue to take cost-effective action, including bankruptcy and liquidation proceedings, where necessary.

IT infrastructure and information

The Company was heavily dependent on its IT infrastructure. Working with the Company, we ensured continuity of provision of such IT services and related data as were required to fulfil our objectives and to develop the Claims Portal.

We identified key data sources that we needed to preserve and the mechanisms by which we can communicate with clients and suppliers. We have ensured ongoing access to the data from the Company's dynamic trading systems as well as to the Company's client data and relevant records of past communications.

We have continued to decommission or downsize non-essential systems in order to reduce ongoing maintenance costs and, where possible, to realise some income from the sale of equipment and licences. At present the Company continues to utilise servers and equipment in only one external data centre. The equipment in the other data centre has been decommissioned and sold. We do not expect there to be any further material recoveries from these assets.

Services to FSCS

We continue to work closely with FSCS. There are regular exchanges of data between the JSAs and FSCS to allow FSCS to process clients' claims.

The data exchanges include the agreement we entered into with FSCS in May 2015, under which we assist FSCS in carrying out personal KYC checks and bank details KYC checks on clients who have assigned their claims to FSCS. This assists FSCS to make compensation payments to eligible clients. In order to be fair to non-FSCS creditors we charge FSCS for this service and have received GBP 35,259 since our last progress report.

Contractors

We continue to use former Company staff on a contractor basis, primarily to assist with the maintenance of the Claims Portal and Company IT systems and servers, as well as client information queries.

Tax

We have prepared and submitted the VAT returns for the periods ending 31 March 2016 and 30 June 2016.

During the period, HMRC wrote to the Company advising that, under legislation implemented in 2015, the Company might fall within the definition of a "banking company", which potentially meant a restriction in the use of tax losses that existed at 18 January 2015 in sheltering taxable profits arising on or after 1 April 2015.

We provided HMRC with details of the Company's background, relevant facts and tax analysis which we considered showed that the Company was not a banking company for corporation tax purposes.

HMRC have recently confirmed their agreement that the Company is not a banking company, meaning that we are able to use available losses without further restrictions.

HMRC additionally asked about what profits are expected to arise in the administration and whether any brought forward losses may be utilised in sheltering them. Based on the transactions undertaken in the Company's accounting period ended 31 December 2015, we expect to shelter some of the taxable profits that have arisen from c. GBP 4.8 million received from the disposal of the Company's intellectual property.

We expect to submit the corporation tax return for the year ended 31 December 2015 by the end of September, following which HMRC have until the end of December 2017 to raise any enquiries into the tax return.

¹ For earlier periods, HMRC are still entitled to enquire into the corporation tax returns for the year ended 31 December 2014 and the period ended 18 January 2015 and have until approximately the end of 2016 to do so.

2.4 Regulatory Matters

The Financial Conduct Authority

We continue to liaise closely with the FCA in relation to a number of matters and keep them informed of our progress. In addition we have provided the FCA with all information it has requested in relation to the Company and its clients, a process we expect to continue for the duration of the special administration.

In order to commence the closure of the client money pool and to make final distributions to all clients who have proved their client claims, it is necessary for us to obtain a regulatory waiver of certain CASS rules and then to apply to court for formal consent to the closure. We have very recently obtained the relevant waiver from the FCA, which allows us to commence the closure of the CMP. Now that the waiver has been received, we will apply to court for a hearing date. Providing that there are no material client disagreements, we hope to commence the closure process in, or prior to, the final quarter of 2016.

We will continue to co-operate with the FCA in all matters as appropriate.

Financial Services Compensation Scheme

FSCS is a statutory compensation scheme which may, among other things, compensate eligible parties who have lost money as a result of the insolvency of financial services firms regulated in the United Kingdom. Compensation depends on a number of factors and is limited to a maximum of GBP 50,000 per person.

Since our appointment we have liaised closely with FSCS and regularly provided them with claim agreement details. As previously advised, FSCS determined that all of the products offered by the Company are eligible for compensation. Separately, in order to be paid compensation a claimant must also meet FSCS's eligibility criteria.

We have incorporated an FSCS assignment page in the Claims Portal that allows eligible claimants to assign their claim to FSCS within the Claims Portal. This means that the majority of clients do not need to complete a written application form in order to receive a compensation payment from FSCS.

There are a number of clients who cannot assign their claim to FSCS within the Claims Portal because FSCS requires further information from the client in order to determine eligibility. All these clients have been informed, via the Claims Portal, that further information is required in order to assign their claim to FSCS. These clients' details have been passed to FSCS to enable FSCS to send an application form to obtain the necessary information. Clients who fall into this category and have agreed their claim in the Claims Portal but not yet received an application form should contact FSCS directly by emailing enquiries@fscs.org.uk.

FSCS determined that it would make compensation payments in USD and where possible would pay compensation by electronic payment. To date FSCS has paid compensation to 11,751 clients totalling USD 51.3 million.

2.5 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2). Note that costs are allocated between the client and house estates and that the client estate is denominated in USD, while the house estate is expressed in GBP.

Summaries of the most significant payments made during the period are provided below.

Cost allocation

CASS rule 7 17 2R states that

“in respect of a trustee firm, a firm receives and holds client money as trustee on the following terms

(4) for the payment of the cost properly attributable to the distribution of the client money if such distribution takes place following the failure of the firm”

In addition, Rule 135 of the Rules addresses the order of priority of expenses to be paid out of client assets. We are therefore required by both CASS rules and the Rules to pay from the client estate the costs that have been incurred to enable distributions to be made from the CMP.

The creditors’ committee has approved the allocation of costs based on average assets and liabilities, including the asset provision in the house estate and excluding the CMP deficit in the client estate. Taking assets realised to date and expected future asset realisations into consideration, this gives a cost allocation of approximately 72% to the client estate and 28% to the house estate.

Solicitors

Ashurst are our legal advisors in the special administration. We have a formal engagement letter with them which details the responsibilities of each party and the basis of their remuneration.

Ashurst continue to assist on all key matters set out in this report, and their work in the period includes

- negotiations on, and documentation of, asset sales and realisations (as described in Section 2 above)
- advice on client and unsecured creditor disputes, including intercompany matters
- general advice on various regulatory and post-appointment matters relating to both the client money and house estates
- ongoing support to progress claims (including review of witness statements and attending court as witnesses for Alpari), and
- general advice on the waiver application to the FCA regarding closure of the CMP

We have paid GBP 97,285 to Ashurst in the reporting period.

We have also paid GBP 36,225 to Beeston Shenton Solicitors in respect of legal advice regarding client debtor recoveries.

Agents’ Fees

We have paid commission of GBP 9,863 to Lambert Smith Hampton in respect of the various assets sales (as described in Section 2 above).

We have also paid GBP 1,585 to Thomson Reuters in respect of performing sanctions checks on clients and unsecured creditors prior to making payments.

CCI Legal Fees

In respect of the client debtor recoveries we have paid commissions in the period of GBP 23,536 to CCI Legal.

IT Suppliers

We have continued to ensure continuity of the provision of such IT services and related data as are required. In many cases, contracts with IT suppliers have been re-negotiated to reduce costs to reflect the reduced level of usage of the systems and services.

IT costs incurred during the period are GBP 206,343. This includes costs in respect of contracts issued.

Call Centre Costs

In respect of the Call Centre we have incurred costs of GBP 28,856 in the period.

Insurance/Storage

During the period we have incurred insurance costs of GBP 1,763 and storage costs of GBP 3,937.

2.6 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects and dividends paid

3.1 Clients

The Claims Portal continues to be available to clients with a claim into the CMP to agree their claim online. To date, 94,364 clients have access to the Claims Portal representing 99.8% by value of clients.

Clients without access to the Claims Portal have not been granted access due to insufficient details being held by the Company. Any clients who do not have access to the Claims Portal, but believe that they should have access, should email alpariukclaims@kpmg.co.uk stating their name and account numbers.

To date, 15,378 clients have agreed their claim representing 95.7% by value of clients with a claim into the client money pool. There are 192 clients who have disputed their claim with a value of USD 1.6 million. We have paid a total of c. USD 51.8 million from the client money pool in respect of 12,480 clients, representing c. 53% of the CMP.

We currently estimate total claims into the CMP to total USD 97.8 million. However, as 4.3% by value have not yet agreed their claim in the Claims Portal, this figure may fluctuate.

Following the declaration of a first client money distribution of 55 cent per USD on 30 April 2015, we continue to pay catch up dividends to clients who agreed their claims after the initial date for proving of 31 May 2015, or to those clients for whom we held insufficient details in order to make the payment, for example incomplete bank details.

As noted in Section 2.5, CASS rules, the Rules require that the costs properly attributable to the distribution of client money are borne by the client estate, which reduces the amount available to clients from the CMP. At present, we estimate that the overall return to clients will be in the range of 78.3 cents to 79.7 cents in the \$ (USD). An updated client only illustrative financial outcome is available on the website. In addition, clients will receive a dividend reflecting any shortfall in their CMP claim from the general creditor estate (see below).

The Special Administration has reached a stage where the JSAs can confirm that the next CMP distribution will be the final CMP distribution, which will occur on closure of the CMP (section 2.4).

While we are unable to confirm the exact timing of the final CMP distribution, providing that there are no material ongoing client disagreements at the time, it is anticipated that it can take place in the second half of 2016

Please note that, prior to being able to announce the final CMP distribution, the JSAs require both regulatory and Court consent. As noted above, the relevant waiver has been received. We have now applied for a Court hearing in order to request permission to close the CMP, after which time the final CMP distribution will be announced.

Clients will be notified of any further distributions and an update will be provided on our website (<http://www.kpmg.com/uk/alpari>)

Clients should note that if they have received compensation from FSCS, all rights to their claim in the special administration, including to the CMP, are legally transferred to FSCS. FSCS will claim in the special administration for the whole of the clients' loss (even if that is over £50,000). In accordance with FSCS rules, FSCS will pass on to the client any money it recovers until the client's total claim is satisfied. Thereafter, FSCS will recover additional amounts to offset the cost of the compensation it has paid the client.

A deficit in client monies will rank as an unsecured claim against the non-client money and assets, and therefore clients will also receive a dividend from this source. Information on the outcome for unsecured creditors is set out below.

3.2 Preferential creditors

All preferential creditors have been paid in full.

3.3 Unsecured creditors

To date, we have agreed unsecured claims of GBP 16,105,199. A second interim dividend of 6 pence in the £ (GBP) was declared on 18 April 2016, and was paid shortly thereafter to all unsecured creditors with an agreed claim and who had passed the necessary KYC checks.

This second dividend brings the total dividend paid to all agreed unsecured creditors to 20 pence in the £ (GBP). The total amount paid out to date is GBP 3,086,895.

We did not pay the dividend to creditors with a distributable amount of GBP 100 or less, i.e. creditors with a claim value of GBP 500 or less. This was because it is not economical for the body of creditors as a whole to bear the administrative costs of making payments below this level.

Unsecured creditors with an agreed claim but with a distributable amount of GBP 100 or less will be paid when the final dividend is declared, which is expected to be during the course of 2017.

We continue to adjudicate claims and pay catch-up dividends as appropriate.

The timing and amount of further dividends is currently uncertain owing to the commercial sensitivity of a number of variables such as continuing asset realisations and the volume of unsecured claims.

Further details will be provided as significant developments arise.

4 Other matters

4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was elected at the meeting of creditors held on 12 March 2015 comprising three client and two creditor representatives. The elected members were FSCS, GO Markets PTY Ltd, Royal Forex Trading S A L, Astrocyte Capital Limited and Mr David Miron.

We have been notified of the following changes, in chronological order, to the committee membership during the period:

- Astrocyte Finance Limited replaced the committee member Astrocyte Capital Limited
- Royal Forex Trading S A L changed its name to Royal Financials SAL
- David Miron resigned from the Creditors' Committee
- Astrocyte Finance Limited changed its name to Badaluk Limited

Accordingly the current members of the Creditors' Committee are, FSCS, GO Markets PTY Ltd, Royal Financials SAL and Badaluk Limited.

These changes have been registered at Companies House.

Committee meetings

All committee members have signed a non-disclosure agreement. This allows us to discuss aspects of our work in more detail with them.

Areas of work we discuss with the committee include fixing the basis of remuneration, illustrative financial outcome statements, the allocation of cost mechanism and the procedure for the closure of the CMP.

There have been regular calls with the creditors' committee and it is expected that the next call will be held in the next three months.

5 Joint Administrators' remuneration and disbursements

5.1 Joint Administrators' remuneration and disbursements

The committee have provided approval that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4.

This resolution was passed with a view to the Special Administrators' fee structure being considered further with the committee.

Disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4.

Following the initial approval to draw a fee on account of £2 million, the committee have since approved the basis of our fees and we have agreed a fee structure with the committee, summarised below

House estate

In the House estate it has been resolved that fees can be drawn on the following basis

- 40% of time costs relating to the House estate can be billed on a quarterly basis
- the balance is dependent on the quantum and timing of unsecured dividends and the value of realisations made

Client estate

In the Client estate it has been resolved that fees can be drawn on the following basis

- 50% of time costs relating to the Client estate can be billed on a quarterly basis
- the balance of fees is dependent on the quantum and timing of distributions to clients

We have provided a budget for each estate to the creditors' committee

Time costs

From 19 January 2016 to 18 July 2016, we have incurred time costs of GBP 1,415,179. These represent 3,723 hours at an average rate of GBP 380 per hour.

From the date of our appointment to 18 July 2016, we have incurred time costs of GBP 11,890,799. These represent 28,093 hours at an average rate of GBP 423 per hour.

As a result of discussions with the Creditors' Committee, there is a maximum cap on our fees of GBP 10.5 million directly relating to our work as joint special administrators. This figure does not include legal fees, disbursements or VAT.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 4) and in our previous progress report(s).

Remuneration

During the period, we have drawn remuneration of GBP 2,092,615 plus VAT of which GBP 129,983 relates to the current period. The remainder relates to the prior period.

Disbursements

During the period, we have incurred disbursements of GBP 11,206, none of which have been paid. We have drawn GBP 6,004 of disbursements relating to the prior period.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 19 January 2016 to 18 July 2016. We have also attached our charging and disbursements policy.

6 Future strategy

6.1 Future conduct of the special administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the special administration. This will include but not be limited to

- Realisation of client debtor balances,
- Co-operating with the FCA and other regulatory bodies,
- Closure of the CMP,
- Agreeing client and creditor claims and supplying information on agreed client claims to FSCS,
- Dealing with ongoing statutory and compliance obligations as well as responding to queries raised, and
- Distributions of client money and general estate funds

6.2 Future reporting

We intend to provide a further progress report within one month of 18 January 2017

Appendix 1 Statutory information

Company information

Company name	Alpari (UK) Limited
Date of incorporation	11 November 2004
Company registration number	05284142
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Special Administration information

Special administration court reference	In the High Court of Justice, Chancery Division, Companies Court, No 526 of 2015
Appointor	The High Court of Justice, Chancery Division, Companies Court (on application by Directors of the Company)
Date of appointment	19 January 2015
Joint Special Administrators' details	Samantha Bewick, Richard Heis and Edward Boyle
Former Joint Special Administrator	Mark Firmin
Prescribed Part distribution	The prescribed part is not applicable in this case as there is no qualifying floating charge holder
Functions	The functions of the Joint Special Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1 to the Act
Application of the EC Regulations	The EC Regulation on insolvency proceedings (ECIR) does not apply to the special administration as the Company is an investment undertaking providing services involving the holding of funds or securities for third parties and is therefore excluded by Article 1 2 of the ECIR

Appendix 2 Joint Special Administrators' receipts and payments account

Joint Special Administrators' abstract of receipts & payments - client estate

Statement of Affairs (USD)	USD							Cumulative total (USD)	
		GBP (USD equiv)	EUR (USD equiv)	CHF (USD equiv)	AUD (USD equiv)	SGD (USD equiv)	JPY (USD equiv)	ZAR (USD equiv)	Total (USD) From 19/01/16 to 18/07/16 to 18/7/16
ASSET REALISATIONS									
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	15 534 06
Services to FSCS (agreed consideration)	-	-	-	-	-	-	-	-	216,366 50
98,989,057 14 Cash at bank	-	-	-	-	-	-	-	-	97 478 332 04
									97,710 232 60
OTHER REALISATIONS									
Bank interest gross	-	8,004 94	-	-	-	-	-	-	8,004 94 47 893 64
eWallet Receipts	-	-	-	-	-	-	-	-	148,792 39
									8,004 94 196,686 03
COST OF REALISATIONS									
Currency account transfers - In	-	-	-	-	-	-	-	-	19,415,928 02
Currency account transfers - Out	-	-	-	-	-	-	-	-	(18 673,648 52)
Hiring of meeting venue	-	-	-	-	-	-	-	-	(14,199 74)
IT Suppliers	-	(8,857 14)	-	-	-	-	-	-	(8,857 14) (464,735 78)
Administrators' fees	-	(2,528 219 27)	-	-	-	-	-	-	(2 528 219 27) (8 475 035 60)
Administrators' fees (pre-administration)	-	-	-	-	-	-	-	-	(58,047 17)
Administrators' disbursements	-	(4,840 77)	-	-	-	-	-	-	(4,840 77) (49,339 14)
Irrecoverable VAT	-	-	-	-	-	-	-	-	(711 590 39)
Professional services	-	-	-	-	-	-	-	-	(23,911 63)
Agents /Valuers' fees	-	(2,265 66)	-	-	-	-	-	-	(2,265 66) (24,408 52)
Post Admin Client Receipt Refunds	-	-	-	-	-	-	-	-	(39,610 68)
Legal fees	-	(149,457 60)	-	-	-	-	-	-	(149,457 60) (1,921,871 83)
Legal fees (pre-admin)	-	-	-	-	-	-	-	-	(150,945 99)
Sundry expenses	-	-	-	-	-	-	-	-	(20 19)

Joint Special Administrators' abstract of receipts & payments - house estate

Statement of Affairs (£)	GBP (£)	USD (£ equiv)	EUR (£ equiv)	CHF (£ equiv)	AUD (£ equiv)	SGD (£ equiv)	JPY (£ equiv)	ZAR (£ equiv)	Total (£) From 19/01/16 to 18/07/16	Cumulative total (£) From 19/1/15 to 18/7/16
FIXED CHARGE ASSETS										
1 449,161 79 Rent deposit	-	-	-	-	-	-	-	-	-	-
FIXED CHARGE CREDITORS										
(1,449,161 79) Fixed charge creditor (Landlord)	-	-	-	-	-	-	-	-	-	-
ASSET REALISATIONS										
60 351 35 Other debtors	-	-	-	-	-	-	-	-	-	8,487 92
Uncertain Furniture & equipment	34,050 00	-	-	-	-	-	-	-	34,050 00	147,085 86
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	-	4,251 99
7,218,155 93 Bad debt provision (clients)	-	-	-	-	-	-	-	-	-	-
Services to FSCS (agreed consideration)	35,258 80	-	-	-	-	-	-	-	35,258 80	94,763 33
Property rights/Patents	-	11 328 45	-	-	-	-	-	-	11,328 45	4,207 132 65
4 420,686 54 Intercompany loans & receivables	-	-	-	-	-	-	-	-	-	-
39,346 75 Book debts	527 477 02	181,818 18	-	-	-	-	-	-	709 295 20	1,038,828 14
Sale of Subsidiary	-	-	-	-	-	-	-	-	-	1,675,000 00
265,851 26 Sale of Client Details	-	852,853 87	-	-	-	-	-	-	852,853 87	1,084,665 02
42 493 45 Global Collect Reserves	-	-	-	-	-	-	-	-	-	-
10,933,584 85 VAT refunds (pre-appointment)	-	-	-	-	-	-	-	-	-	18,935 83
Cash at bank / Prime Brokers	252 13	-	-	-	-	-	-	-	252 13	8,470 039 46
Insurance refund	-	-	-	-	-	-	-	-	-	48 318 95
									1,643,038 45	16,797,509 15
OTHER REALISATIONS										
Bank interest, gross	19 486 34	(35 27)	-	-	-	-	-	-	19,451 07	44,473 87
Brokerage receipts	-	-	-	-	-	-	-	-	-	250 443 76
eWallet Receipts	-	-	-	-	-	-	-	-	-	1,054,679 50
Sundry refunds	-	-	-	-	-	-	-	-	-	11,314 76
Rent deposit refund	-	-	-	-	-	-	-	-	-	23,484 87
Software Licenses	-	-	-	-	-	-	-	-	-	16 466 00
									19,451 07	1,400,862 76
COST OF REALISATIONS										
Currency account transfers - In	-	-	-	-	-	-	-	-	38 240 43	10 933 946 37
Currency account transfers - Out	(40,000 00)	-	-	-	-	-	-	-	(40,000 00)	(11,679,825 08)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(3 905 18)
IT Suppliers	(110 207 92)	(38,549 20)	(73,149 45)	-	-	-	-	-	(221,906 57)	(324 638 33)
Administrators' fees	(322,862 92)	-	-	-	-	-	-	-	(322,862 92)	(1,180,355 80)

Distribution Account GBP	896,138.06	1,177,062.57	(35,838.77)	-	-	-	-	-	-	896,138.06	1,001,848.45
Floating charge current	(2,489,120.18)	-	-	-	-	-	-	-	-	(1,347,896.38)	9,529,207.17
Floating ch VAT payable	(13,891.79)	(170,570.77)	-	-	-	-	-	-	-	(184,462.56)	(182,663.56)
Floating ch VAT control	30,378.70	750.79	520.86	-	-	-	-	-	-	31,650.35	37,011.98
Inter-case VAT control	110,107.39	-	-	-	-	-	-	-	-	110,107.39	(4,039.73)
Due from CMP	-	-	-	-	-	-	-	-	-	-	244,943.88
										(368,054.77)	10,747,668.26

Appendix 3 Schedule of expenses

Schedule of expenses (19/01/2016 to 18/07/2016)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Currency account transfers - Out	40,000 00	-	40,000 00
IT suppliers	206,343 02	26,301 20	232,644 22
Administrators' fees	129,983 00	1,285,196 00	1,415,179 00
Administrators' disbursements	-	11,206 00	11,206 00
Irrecoverable VAT	15 05	-	15 05
Professional Services	75 25	-	75 25
Agents'/Valuers' fees	11,449 12	-	11,449 12
CCI legal fees	23,536 25	-	23,536 25
Legal fees	133,510 08	35,749 50	169,259 58
Call Centre Costs	28,856 91	-	28,856 91
Storage costs	3,937 16	-	3,937 16
Statutory advertising	867 00	-	867 00
Insurance of assets	1,762 95	-	1,762 95
Bank charges	2,865 63	-	2,865 63
TOTAL	583,201 42	1,358,452 70	1,941,654 12

Administrators' fees incurred in the period and not yet paid represent the total time costs for the period as per the SIP 9 analysis at Appendix 4, minus the fees incurred and paid in the period

Per the agreement with the Creditors' Committee, a total amount of GBP 560,476 in fees and GBP 193 in disbursements have been calculated as available to draw for the three months to the end of April 2016, and are due to be drawn in the next 30 days

Invoices to IT suppliers totalling GBP 26,301 and legal fees due to Ashurst of GBP 35,750 were incurred during the period but were not paid before 18 July 2016, these have now been settled

Please note that there is a difference between the payments made and the expenses incurred during the period. This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report

Applications by unsecured creditors must be made with the concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Deanna Shore at 15 Canada Square, Canary Wharf, London, E14 5GL

Appendix 4 Joint Special Administrators' charging and disbursements policy

Joint Special Administrators' charging policy

The time charged to the special administration is by reference to the time properly given by us and our staff in attending to matters arising in the special administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the special administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Deanna Shore on 020 73118993.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this special administration. Time is charged by reference to actual work carried out on the special administration, using a minimum time unit of six minutes.

All staff who have worked on the special administration, including cashiers and secretarial staff, have charged time directly to the special administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the special administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Oct 2015 £/hr
Partner	795
Director	705
Senior Manager	615
Manager	490
Senior Administrator	355
Administrator	270
Support	135

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the special administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate

We have incurred the following disbursements (excluding VAT) during the period 19 January 2016 to 18 July 2016

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Meals	88 11	-	NIL	-	88 11
Postage	10,982 37	-	NIL	-	10,982 37
Travel	135 70	-	NIL	-	135 70
Total	11,206 18	-	NIL	-	11,206 18

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Narrative of work carried out for the period 19 January 2016 to 18 July 2016

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none">■ issuing regular press releases and posting information on a dedicated web page,■ preparing statutory receipts and payments accounts,■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none">■ formulating, monitoring and reviewing the special administration strategy,■ briefing of our staff on the special administration strategy and matters in relation to various work-streams,■ regular case management and reviewing of progress, including regular team update meetings and calls,■ meeting with management to review and update strategy and monitor progress,■ reviewing and authorising junior staff correspondence and other work,■ dealing with queries arising during the appointment,

	<ul style="list-style-type: none"> ■ reviewing matters affecting the outcome of the special administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, ■ complying with internal filing and information recording practices, including documenting strategy decisions, ■ formulating strategy and discussions with FSCS and lawyers regarding closure of CMP
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments, ■ utilising internet banking to ensure client and creditor distributions are made electronically, ■ currency transfers
Tax	<ul style="list-style-type: none"> ■ submitting relevant initial notifications to HM Revenue and Customs, ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working on tax returns relating to the periods affected by the special administration, ■ analysing VAT related transactions, ■ dealing with post appointment tax compliance, including agreeing that the Company is not a banking company
General (Fees and WIP)	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ drawing remuneration in accordance with the basis which has been approved by the creditors' committee, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Asset realisations	<ul style="list-style-type: none"> ■ liaising with agents regarding the sale of other fixed assets, ■ reviewing outstanding debtors and management of debt collection strategy, ■ liaising with contractors (former employees) and communicating with debtors, ■ seeking legal advice in relation to book debt collections, ■ establishing the correct allocation of e-wallet funds, ■ document and implement formal process to identify and provide all relevant documents required to be disclosed in litigation proceedings, ■ ongoing support to lawyers to progress debtor claims
Sale of business	<ul style="list-style-type: none"> ■ liaising with ETX Capital ("ETX") regarding the deferred consideration post the sale of the client details
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with, ■ liaising with the Health and Safety Executive regarding the special administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Creditors and client claims	<ul style="list-style-type: none"> ■ creating and updating the list of clients and unsecured creditors, ■ responding to enquiries from creditors regarding the special administration and submission of their claims, ■ monitor and maintain the Claims Portal, ■ reviewing completed forms submitted by clients and creditors, recording claim amounts and maintaining claim records, ■ agreeing client, preferential and unsecured creditor claims, ■ completing necessary KYC checks at each distribution, ■ arranging distributions to clients, preferential and unsecured creditors, ■ liaising with the FSCS to provide updated client details and status of claims, ■ drafting our progress report, ■ arranging bulk emails and portal communication in order to encourage clients to agree their claims, ■ preparing court applications for CMP closure
Committees	<ul style="list-style-type: none"> ■ dealing with the formation of the Creditors' Committee, arranging and chairing meetings of the Creditors' Committee and providing regular reports
Regulatory	<ul style="list-style-type: none"> ■ liaising with the FCA and Ashurst in respect of the FCA waiver modification, ■ providing regular updates to the FCA in respect of the progress of the Special Administration,

	■ responding to FCA's information requests
Fee reviewer	■ providing relevant documents requested by the fee reviewer, ■ preparing analysis to support the time costs incurred to date as requested by the fee reviewer, ■ meetings with the fee reviewer
IT	■ decommissioning of IT systems and closure of data centre ■ ensuring continuity of provision of IT services and related data

Time costs

SIP 9 –Time costs analysis (19/01/2016 to 18/07/2016)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Distributions	1 40	1,113 00	795 00
Cashiering			
General (Cashiering)	155 85	59,150 00	379 53
Reconciliations (& IPS accounting reviews)	6 20	3,020 50	487 18
General			
Fees and WIP	38 20	21,584 50	565 04
Statutory and compliance			
Appointment and related formalities	0 50	352 50	705 00
Checklist & reviews	3 20	1,002 00	313 13
Pre-administration checks	2 10	1,480 50	705 00
Reports to debenture holders	1 40	1,113 00	795 00
Statutory advertising	1 80	486 00	270 00
Statutory receipts and payments accounts	0 50	307 50	615 00
Strategy documents	24 30	18,716 00	770 21
Tax			
Post appointment corporation tax	35 10	18,380 50	523 66
Post appointment VAT	67 60	27,281 25	403 57
Creditors			
Committees			
Formation	3 70	2,002 50	541 22
Meetings	3 70	2,475 50	669 05
Reports	13 80	8,246 00	597 54
Creditors and claims			
Agreement of claims	0 90	441 00	490 00
Agreement of preferential claims	1 00	355 00	355 00
Agreement of unsecured claims	295 10	88,555 00	300 08
General correspondence	706 70	245,504 00	347 39
Legal claims	2 40	1,908 00	795 00

SIP 9 –Time costs analysis (19/01/2016 to 18/07/2016)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Payment of dividends	58 50	23,948 00	409 37
Statutory reports	78 75	36,060 50	457 91
Employees			
Correspondence	27 80	10,063 00	361 98
DTI redundancy payments service	0 50	177 50	355 00
General			
Fees and WIP			
Fee Reviewer	56 20	27,549 50	490 20
General analysis			
Administration and planning			
Court hearings and preparation	5 80	2,842 00	490 00
Engagement management	24 40	13,218 00	541 72
Asset realisation			
Cash and investments - client monies	68 00	48,147 00	708 04
Cash and investments - company monies	0 50	352 50	705 00
Client debtors - professional	2 00	710 00	355 00
Client debtors - retail	13 40	5,688 50	424 51
Cashiering			
Reconciliations - client monies	1 60	1,119 50	699 69
Reconciliations - company monies	19 40	9,841 50	507 29
Creditors and claims			
Clients - FSCS	1 00	355 00	355 00
Clients - KYC	30 50	10,827 50	355 00
Clients - professional - agreement of account	7 10	5,370 00	756 34
Clients - professional - general correspondence	21 60	7,749 00	358 75
Clients - professional - payment of dividend	29 40	12,552 50	426 96
Clients - retail - agreement of account	84 40	41,418 00	490 73
Clients - retail - claims portal	10 50	3,727 50	355 00
Clients - retail - general correspondence	1,250 90	378,661 50	302 71
Clients - retail - payment of dividend	48 70	21,303 00	437 43
General			
IT, Systems, cut off and information	70 40	40,933 50	581 44
Investigations			
Regulatory reports & investigations - other	25 40	13,383 50	526 91
Statutory and compliance			

SIP 9 –Time costs analysis (19/01/2016 to 18/07/2016)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Communications - FCA	14 30	8,054 50	563 25
Communications - other regulators	3 10	1,702 00	549 03
FCA- regulatory	5 50	3,017 50	548 64
Investigation			
Investigations			
Correspondence re investigations	0 10	70 50	705 00
Mail redirection	0 10	27 00	270 00
Realisation of assets			
Asset Realisation			
Cash and investments	4 70	3,088 50	657 13
Debtors	336 30	146,197 50	434 72
Leasehold property	0 50	352 50	705 00
Office equipment, fixtures & fittings	3 80	1,862 00	490 00
Open cover insurance	2 00	1,230 00	615 00
Other assets	42 50	24,286 00	571 44
Pre-appointment tax & VAT refunds	0 70	493 50	705 00
Sale of business	7 30	5,254 50	719 79
Trading code used outside trading period			
Trading			
Purchases and trading costs	0 10	70 50	705 00
Total in period	3,723 20	1,415,179 25	380 10

Brought forward time (appointment date to SIP 9 period start date)	24,370 41	10,475,620 20
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	3,723 20	1,415,179 25
Carry forward time (appointment date to SIP 9 period end date)	28,093 61	11,890,799 45

Appendix 5 Glossary

Alpari UK/Company	Alpari (UK) Limited – in Special Administration
Ashurst	Ashurst LLP
Authorities	The Bank of England and the Financial Conduct Authority
CASS rules	The rules comprised in the Financial Conduct Authority's Client Assets Sourcebook
CCI Legal	CCI Legal Services Limited
CMP	Client Money Pool
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
GBP	Great British Pound
HMRC	Her Majesty's Revenue and Customs
Joint Special Administrators/we/our/us	Samantha Bewick, Richard Heis and Ed Boyle (previously Samantha Bewick, Richard Heis and Mark Firmin)
KPMG	KPMG LLP
KYC	Know Your Client
UK	United Kingdom
USD	United States Dollar

Any references in this progress report to Paragraphs are Paragraphs in Schedule B1 of the Insolvency Act 1986. Any references in this progress report to Rules relate to the Investment Bank Special Administration (England & Wales) Rules 2011.

Appendix 6 Notice About this report

This report has been prepared by Samantha Bewick, Richard Heis and Ed Boyle, the Joint Special Administrators of Alpari (UK) Limited – in Special Administration (the 'Company'), solely to comply with their statutory duty under Rule 122 of the Investment Bank Special Administration (England & Wales) Rules 2011 to report to clients and creditors on the progress of the Special Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for clients and creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for clients and creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under Rule 122 of the Investment Bank Special Administration (England & Wales) Rules 2011 does so at its own risk. To the fullest extent permitted by law, the Joint Special Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Samantha Rae Bewick, Richard Heis and Edward George Boyle are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Special Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Special Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the Special Administration.

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