

The Insolvency Act 1986

Special 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
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E14 5GL

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KPMG LLP
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Joint Special Administrators of the above company attach a progress report for the period

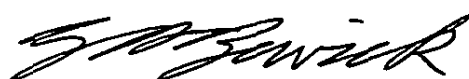
(b) Insert dates from

to

(b) 19 July 2016

(b) 18 January 2017

Signed



Joint Special Administrator

Dated

16 February 2017

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
KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Tel 020 73118993

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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COMPANIES HOUSE

FRIDAY



Joint Special
Administrators'
progress
report for the
period 19 July
2016 to 18
January 2017

Alpari (UK) Limited - in
Special Administration

16 February 2017

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 July 2016 to 18 January 2017
- 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 12,759 client claims and has paid compensation of USD 50.8 million to 12,305 clients (Section 2.4 - Regulatory Matters)
- We applied to the Court for approval to close the client money pool ("CMP"). On 29 September 2016 the English High Court made an Order prescribing a procedure by which client money should be distributed to clients (Section 2.4 - Regulatory Matters)
- As required by the CASS rules, costs incurred in dealing with the CMP are to be charged to the CMP (Section 2.5 - Costs)
- We have made one interim distribution from the CMP to clients of 55 cents in the USD. Our final distribution to clients from the CMP is anticipated before 24 July 2017. Our latest CMP illustrative financial outcome indicating how much clients will receive in a final dividend will be available by the end of February 2017 at <http://www.kpmg.com/uk/alpari> (Section 3 - Dividend prospects and dividends paid)
- Preferential creditors have been paid in full (Section 3 - Dividend prospects and dividends paid)
- No further dividend has been paid to unsecured creditors since the second distribution in April 2016. The total distribution to unsecured creditors is currently 20 pence in the £ (GBP). The timing and quantum of a further dividend remains uncertain. However, on current information we anticipate the final dividend will be paid by the beginning of 2018 (Section 3 - Dividend prospects and dividends paid)
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's 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.



Samantha Bewick
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.

Client Debtors

In the period covered by this report we have realised GBP 105,542 from debtor realisations.

As previously reported, 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).

Bank interest

During the period we have realised GBP 13,751 in bank interest.

2.3 Progress to date

CMP closure

On 27 July 2016, the JSAs applied to the High Court seeking directions for a procedure by which final distribution from the CMP should be made

The application was heard and approved on 29 September 2016. The JSAs set a bar date of 30 October 2016 for clients to submit claims and to commence the procedure for a final distribution from the CMP, a final distribution to clients is anticipated before 24 July 2017. Please see Section 3 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 of GBP1.1 million to date, 59 debtors have entered into instalment settlement arrangements.

We also expect to receive c. £0.5 million from one significant debtor as its insolvency is concluded over the next 6 months.

As previously reported we have 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 are pursuing approximately 40 high value overseas debtors. We have paid a small upfront amount per debtor to cover the costs of obtaining a judgement against each of them; the balance of costs are on a no-win no fee basis.

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 continue to ensure 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 decommissioned or downsized 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 was 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.

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 30 September 2016 and 31 December 2016.

During the period, the corporation tax return was submitted for the period ended 31 December 2015, together with a payment of GBP 5,004 in respect of the corporation tax liability. Subsequently, HMRC raised an enquiry into the corporation tax return for the period ended 31 December 2015.

We are currently finalising our response to HMRC to provide further support to our filing position, but it should be noted that if HMRC ultimately disagree with the approach we have taken on when the Company ceases to trade for corporation tax purposes, there is a risk that some or all of the circa £4.8 million of realisations received by the JSAs in respect of disposals of the Company's intellectual property will be taxable. We have provided against this possibility in our calculations, but until the corporation tax position is agreed, the JSAs will be required to hold cash to cover any potential tax liability that could arise.

Further corporation tax returns will be required to be submitted to HMRC for the year ended 31 December 2016 and the final period leading up to exit from the Special Administration, hoped to be before 31 December 2017.

HMRC had until the end of 2016 to enquire into the corporation tax returns for the year ended 31 December 2014 and the period ended 18 January 2015 but no such enquiries have been received by the JSAs

To fulfil legal requirements we have submitted an EC Sale list form to HMRC as a result of the sale of IP rights

2.4 Regulatory Matters

The Financial Conduct Authority

We continue to liaise with the FCA, keeping 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

As previously reported, it was necessary for us to obtain a regulatory waiver of certain CASS rules from the FCA prior to applying to court for formal consent to the closure of the CMP. We obtained the relevant waiver from the FCA and have also obtained an Order from the English High Court prescribing a procedure by which client money should be distributed to clients. Please see Section 3 for further details

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. Once these clients agree their claim balance, their details are 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 to clients who agreed their client money claim before the bar date and in GBP to all those who agreed their claim after the bar date, as these are now treated as unsecured claims and are paid from the

house estate in GBP. Where possible, compensation will be paid by electronic bank transfer. To date FSCS has paid compensation to 12,305 clients totalling USD 50.8 million, no GBP payments have been made by FSCS.

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 predominantly relates to the closure of the CMP and assisting with disputes.

We have paid GBP 133,337 to Ashurst in the reporting period.

We have also paid GBP 26,472 to Beeston Shenton Solicitors in respect of debt recoveries and legal advice.

CCI Legal Fees

In respect of the client debtor recoveries we have paid commissions in the period of GBP 7,742.



Professional Fees

During the period we have paid GBP 22,000 in relation to charges of the fee reviewer, who was appointed by the creditors committee

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 paid during the period are GBP 229,990. This includes costs in respect of contracts issued

Storage/Advertising

During the period, we have paid storage costs of GBP 4,027 and advertising cost of GBP 2,627

Call Centre Costs

In respect of the Call Centre we have paid costs of GBP 292 in the period

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

Closure of CMP and final distribution

On 29 September 2016 the English High Court made an Order prescribing a procedure by which client money held by Alpari UK should be distributed to clients. As a result of this Order, the bar date for client money claims was set for 30 October 2016

Any clients who did not submit a client money claim by the bar date are no longer entitled to any distributions from the client money pool. However, the Claims Portal continues to be available to clients who previously had a claim into the CMP. Those claims will be treated as unsecured creditor claims, and any distributions or compensation payments will be made based on their Contractual Claim Amount

Please note eligible clients are able to assign their claims to FSCS at any time. FSCS have confirmed that they will compensate all eligible clients of the Company up to a maximum of GBP 50,000, including those client who agree their claim after the bar date

Following the JSAs obtaining an order from the Court to approve the mechanics of closing the client money pool, we have adjudicated all claims, and sent notices of full or partial rejections where we considered it appropriate

One significant client creditor has appealed our part-rejection of its claim. We are therefore unable to distribute the remaining client money funds until after the appeal has been heard and judgement has been given. A hearing date of 9 - 11 May 2017 has been set by the court.

Claims Portal

The JSAs are required under their application for the closure of the CMP to make a final distribution before 24 July 2017.

To date, 94,375 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.

Estimated outcome to clients

To date, 16,278 clients have agreed their claim representing 96.2% by value of clients with a claim into the CMP. We have paid a total of c. USD 51.8 million from the CMP in respect of 12,503 clients, representing c. 53% of the CMP.

We currently estimate that total claims into the CMP to total USD 97.8 million. However, as 3.8% by value have not yet agreed their claim in the Claims Portal and one client has appealed our part-rejection, this figure may fluctuate.

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 will be available on the website by the end of February 2017. In addition, clients will receive a dividend reflecting any shortfall in their CMP claim from the general creditor estate (see below).

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 GBP 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 after the CMP has been closed and the deficit ascertained. 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 18,474,856

As previously reported we have declared and paid two interim dividends totalling 20 pence in the £ (GBP) to all agreed unsecured creditors who have passed the necessary KYC checks. The total amount distributed to date is GBP 4,245,714 including payments of PAYE on certain unsecured claims.

We did not pay a 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 at the beginning of 2018.

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.

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. Since then Mr David Miron has resigned from the Creditors' Committee. The current members of the Creditors' Committee are as follows,

FSCS, GO Markets PTY Ltd, Royal Financials SAL and Badaluk Limited, comprising two client and two creditor representatives.

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 committee meeting will be held in late February 2017.

5 Joint Special Administrators' remuneration and disbursements

5.1 Joint Special 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 JSAs' 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 July 2015 to 18 January 2017, we have incurred time costs of GBP 690,615. These represent 1,937 hours at an average rate of GBP 356 per hour.

From the date of our appointment to 18 January 2017, we have incurred time costs of GBP 12,581,414. These represents 30,030 hours at an average rate of GBP 419 per hour.

As a result of discussions with the Creditor's Committee, there is a maximum cap on our fees of GBP 10.5 million directly relating to our work as JSAs. The 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 1,141,208 plus VAT of which GBP 343,997 relates to the current period. The remainder relates to the prior period.

Disbursements

During the period, we have incurred disbursements of GBP 375. None of these have yet been paid.

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 July 2016 to 18 January 2017. 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 the client debtor balances,
- Co-operating with the FCA and other regulatory bodies,
- Agreeing 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,
- Final distribution of client money and closing the CMP, and
- Distributions of general estate funds

6.2 Future reporting

We intend to provide a further progress report within one month of 18 July 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 Ed 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	GBP (USD equiv)	EUR (USD equiv)	CHF (USD equiv)	AUD (USD equiv)	SGD (USD equiv)	JPY (USD equiv)	ZAR (USD equiv)	Total (USD) From 19/07/16 to 18/01/17	Cumulative total (USD) From 19/11/15 to 18/1/17
ASSET REALISATIONS										
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	-	15 534 06
Services to FSCS (agreed consideration)	-	-	-	-	-	-	-	-	-	252 528 73
Cash at bank	-	360 19	-	-	-	-	-	-	360 19	97 478 692 23
									360 19	97 746 755 02
OTHER REALISATIONS										
Bank interest gross	-	1 838 89	-	-	-	-	-	-	1 838 89	49 732 53
eWallet Receipts	-	-	-	-	-	-	-	-	-	148 792 39
									1,838 89	198 524 92
COST OF REALISATIONS										
Currency transfers in	-	765,805 24	-	-	-	-	-	-	765 805 24	20 181,733 26
Currency account transfers - Out	(680 000 00)	-	-	-	-	-	-	-	(680 000 00)	(19 353 648 52)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(14 199 74)
IT Suppliers	(31,621 70)	(117 622 60)	(69 126 61)	-	-	-	-	-	(218 370 92)	(902,565 41)
Administrators' fees	-	(1 359 789 27)	-	-	-	-	-	-	(1 359 789 27)	(9 834,824 87)
Administrators' fees (pre-administration)	-	-	-	-	-	-	-	-	-	(58 047 17)
Administrators' disbursements	-	(12 146 84)	-	-	-	-	-	-	(12 146 84)	(61,485 98)
Irrecoverable VAT	-	-	-	-	-	-	-	-	-	(711,590 39)
Professional services	-	(22 563 72)	-	-	-	-	-	-	(22 563 72)	(46 552 52)
Agents/Valuers fees	-	-	-	-	-	-	-	-	-	(34,524 41)
Post Admin Client Receipt Refunds	(400 00)	-	-	-	-	-	-	-	(400 00)	(40 010 68)
Legal fees	-	(125 623 98)	-	-	-	-	-	-	(125 623 98)	(2 093 626 47)
Legal fees (pre-admin)	-	-	-	-	-	-	-	-	-	(150,945 99)
Sundry expenses	-	-	-	-	-	-	-	-	-	(20 19)
Utilities	-	-	-	-	-	-	-	-	-	(12 178 99)
Stationery & postage	-	-	-	-	-	-	-	-	-	(358 97)
Call centre costs	-	(299 76)	-	-	-	-	-	-	(299 76)	(196 147 47)
Storage costs	-	(4 176 50)	-	-	-	-	-	-	(4,176 50)	(15 184 65)
Statutory advertising	-	(2 694 32)	-	-	-	-	-	-	(2 694 32)	(6 455 16)
Rent	-	-	-	-	-	-	-	-	-	(162 443 99)
Other property expenses	-	-	-	-	-	-	-	-	-	(37 751 30)
Insurance of assets	-	-	-	-	-	-	-	-	-	(5 087 44)
Wages & salaries	-	-	-	-	-	-	-	-	-	(1,514 129 21)
PAYE & NIC	-	-	-	-	-	-	-	-	-	(927 380 64)
Bank charges	(53 35)	(118 57)	-	-	-	-	-	-	(171 92)	(12 972 50)
Rent deposit	-	-	-	-	-	-	-	-	-	(12 713 61)
									(1 660 431 99)	(16,023,113 01)
CLIENT CREDITORS										
Client creditors	(15 071 86)	-	-	-	-	-	-	-	(15 071 86)	(51 793 747 46)

(96 407 400 45)



Document Classification - KPMG Confidential

2 581 656 69

REPRESENTED BY

Floating ch VAT rec'able
Client Distribution Account USD
Post Admin Client Account
Floating charge current USD
Floating ch VAT payable
Floating ch VAT control
Due to House Estate

	(15 071 86)	(51,793 747 46)
	(1 673 304 75)	30 128,419 49
-	294 127 46	824 097 82
-	(15,125 21)	93 897 83
-	0 19	9,246 45
-	(1,677 572 04)	29,814 301 01
-	-	-
-	-	287 229 10
-	(274,735 15)	(900,352 72)
	(1 673,304 75)	30,128 419 49



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 19/07/16 to 18/01/17	Cumulative total (£) From 19/1/15 to 18/1/17
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	-	-	-	-	-	-	-	-	-	8 487 92
Uncertain	-	-	-	-	-	-	-	-	-	147 085 86
Furniture & equipment	-	-	-	-	-	-	-	-	-	4,251 99
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	-	-
Bad debt provision (clients)	-	-	-	-	-	-	-	-	-	69 449 77
Services to FSCS (agreed consideration)	-	-	-	-	-	-	-	-	-	4,207 132 65
Property rights/Patents	-	-	-	-	-	-	-	-	-	-
Intercompany loans & receivables	-	-	-	-	-	-	-	-	-	-
4 420 686 54	105,542 00	-	-	-	-	-	-	-	105 542 00	1,144,370 14
39,346 75	-	-	-	-	-	-	-	-	-	1,675 000 00
Book debts	-	-	-	-	-	-	-	-	-	1,084 665 02
Sale of Subsidiary	-	-	-	-	-	-	-	-	-	-
Sale of Client Details	-	-	-	-	-	-	-	-	-	-
Global Collect Reserves	-	-	-	-	-	-	-	-	-	18 935 83
265 851 26	-	-	-	-	-	-	-	-	-	-
42 493 45	-	-	-	-	-	-	-	-	-	-
VAT refunds (pre-appointment)	-	-	-	-	-	-	-	-	-	-
10 933 584 85	(252 13)	-	-	-	-	-	-	-	(252 13)	8 469,787 33
Cash at bank / Prime Brokers	-	-	-	-	-	-	-	-	-	48,318 95
Insurance refund	-	-	-	-	-	-	-	-	105 289 87	16 877 485 46
OTHER REALISATIONS										
Bank interest, gross	12 464 48	-	-	-	-	-	-	-	12 464 48	56 938 35
Brokerage receipts	-	-	-	-	-	-	-	-	-	250,443 76
eWallet Receipts	-	-	-	-	-	-	-	-	-	1 054,679 50
Sundry refunds	-	-	-	-	-	-	-	-	-	11 314 76
Rent deposit refund	-	-	-	-	-	-	-	-	-	23 484 87
Software Licenses	-	-	-	-	-	-	-	-	-	16,468 00
COST OF REALISATIONS										
Currency account transfers - In	-	-	81 544 21	-	-	-	-	-	81 544 21	11,015 490 58
Currency account transfers - Out	(42,889 15)	(41,958 04)	-	-	-	-	-	-	(84,847 19)	(11 764 672 27)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(3 905 18)
IT Suppliers	(26 678 25)	(36 875 73)	(6 860 25)	-	-	-	-	-	(70 214 22)	(247 882 18)
Administrators' fees	(189 358 89)	-	-	-	-	-	-	-	(189 358 89)	(1 369 714 69)
Administrators fees (pre-administration)	-	-	-	-	-	-	-	-	-	(15,963 98)
Administrators' disbursements	(3,277 32)	-	-	-	-	-	-	-	(3,277 32)	(16,602 25)
TOTAL										
									12 464 48	1 413 327 24

Appendix 3 Schedule of expenses

Schedule of expenses (19/07/2016 to 18/01/2017)			
Expenses (£)	Incurred and paid in the period	Incurred in the period not yet paid	Total
	(£)	(£)	(£)
Cost of realisations			
Currency account transfers - Out	560,372	-	560,372
IT Suppliers	222,921	29,239	252,160
Administrators' fees	1,140,260	-	1,140,260
Administrators' disbursements	11,772	-	11,772
Irrecoverable VAT	-	-	-
Professional Services	22,000	-	22,000
Services to FSCS (agreed consideration)	-	-	-
Agents'/Valuers' fees	-	-	-
Post Admin Client Receipt Refunds	280	-	280
CCI legal fees	7,742	-	7,742
Legal fees	159,722	76,200	235,922
Corporation tax	5,005	-	5,005
Utilities	-	-	-
Call centre costs	292	-	292
Storage costs	4,069	-	4,069
Statutory advertising	2,625	-	2,625
Insurance of assets	-	-	-
PAYE & NIC	18,700	-	18,700
Bank charges	1,027	119	1,146
TOTAL	2,156,787	105,558	2,262,345

Please note that there is a difference between the payments made during the period of £2,156,771 (per the receipts and payments account) and the expenses incurred and paid in the period of £2,262,345 (per the schedule of expenses)

This is owing 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.

Grade	From 01 Nov 2016 £/hr
Partner	835
Director	740
Senior Manager	645
Manager	515
Senior Administrator	375
Administrator	285
Support	142

Table of charge-out rates

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 July 2016 to 18 January 2017

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs	118 93	-	NIL	-	118 93
External printing	26 88	-	NIL	-	26 88
IT Supplier	14 28	-	NIL	-	14 28
Postage	176 12	-	NIL	-	176 12
Sundry	22 01	-	NIL	-	22 01
Travel	17 00	-	NIL	-	17 00
Total	375 22	-	NIL	-	375 22

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 July 2015 to 18 January 2017

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, including the decision to trade and meetings with internal and external parties to agree the same, ■ 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, ■ 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, including agreeing content of engagement letters, ■ 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, ■ 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"> ■ 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, ■ 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
Health and safety	<ul style="list-style-type: none"> ■ 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 claims	<ul style="list-style-type: none"> ■ creating and updating the list of unsecured creditors, ■ responding to enquires from creditors regarding the special administration and submission of their claims, ■ monitor and maintain the Claims Portal, ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records, ■ agree client, preferential and unsecured creditor claims, ■ completing necessary KYC checks at each distribution,

	<ul style="list-style-type: none"> ■ liaising with the FSCS to provide updated client details and status of claims, ■ drafting progress report, ■ arranging bulk emails and portal communication in order to encourage clients to agree their claims, ■ preparing court applications for CMP closure and notices regarding the outcome
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	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ 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 (19/07/2016 to 18/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning			
Cashiering			
Fund management	0 10	51 50	515 00
General (Cashiering)	116 30	45,617 75	392 24
Reconciliations (& IPS accounting reviews)	5 70	2,665 00	467 54
General			
Fees and WIP	11 40	5,347 50	469 08
Statutory and compliance			
Bonding and bordereau	0 30	81 00	270 00
Checklist & reviews	3 20	906 00	283 13
Strategy documents	18 60	14,750 00	793 01
Tax			
Post appointment corporation tax	30 10	14,681 50	487 76
Post appointment VAT	52 55	18,957 75	360 76
Creditors			
Committees			
Formation	0 10	49 00	490 00
Reports	1 30	705 00	542 31
Creditors and claims			
Agreement of unsecured claims	75 20	25,476 00	338 80
General correspondence	114 80	41,018 50	357 30
Legal claims	1 70	1,399 50	823 24
Payment of dividends	1 40	628 50	448 93
Secured creditors	2 30	1,920 50	835 00
Statutory reports	56 40	21,071 00	373 60
Employees			
Agreeing employee claims	0 50	370 00	740 00
Correspondence	15 80	5,893 50	373 01
DTI redundancy payments service	0 20	75 00	375 00
General			
Fees and WIP			
Fee Reviewer	1 30	637 00	490 00
General analysis			
Administration and planning			
Court hearings and preparation	2 30	1,621 50	705 00

SIP 9 – Time costs analysis (19/07/2016 to 18/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Engagement management	7 60	4,341 00	571 18
Asset realisation			
Cash and investments - client monies	0 70	343 00	490 00
Cashiering			
Reconciliations - company monies	0 80	392 00	490 00
Creditors and claims			
Clients - KYC	22 70	7,745 50	341 21
Clients - professional - agreement of account	1 90	931 00	490 00
Clients - professional - payment of dividend	35 50	12,832 50	361 48
Clients - retail - agreement of account	35 70	17,778 00	497 98
Clients - retail - general correspondence	1,108 15	354,218 00	319 65
Clients - retail - payment of dividend	132 80	48,736 00	366 99
General			
IT, Systems, cut off and information	31 00	16,136 00	520 51
Investigations			
Regulatory reports & investigations - other	14 70	7,289 00	495 85
Statutory and compliance			
Communications - other	1 80	1,011 00	561 67
Communications - other regulators	0 70	360 50	515 00
FCA- regulatory	1 70	1,351 50	795 00
Realisation of assets			
Asset Realisation			
Cash and investments	4 00	2,060 00	515 00
Debtors	23 30	9,801 50	420 67
Other assets	2 70	1,365 50	505 74
Total in period	1,937 20	690,615 00	356 50

Brought forward time (appointment date to SIP 9 period start date)	28,093 61	11,890,799 45
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,937 20	690,615 00
Carry forward time (appointment date to SIP 9 period end date)	30,030 81	12,581,414 45

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

All time shown in the above analysis is charged in units of six minutes

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
Bar date	Deadline for submitting Client Money Claims which was set for 30 October 2016
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/JSA/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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