

# AM10

## Notice of administrator's progress report



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16/02/2018

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### 1 Company details

Company number 0 5 2 8 4 1 4 2

Company name in full Alpari (UK) Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Samantha Rae

Surname Bewick

### 3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

### 4 Administrator's name ①

Full forename(s) Edward George

Surname Boyle

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ①

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

① Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date 

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To date / 

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### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

*G. M. Bowick*

X

Signature date

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# AM10

## Notice of administrator's progress report



### Presenter information

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Contact name Sebastian Kopis

Company name KPMG LLP

Address 15 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

DX

Telephone Tel +44 (0) 333 202 1397



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## Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. <sup>①</sup>  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

### 2 Insolvency practitioner's name

Full forename(s) Richard

Surname Heis

### 3 Insolvency practitioner's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country



Joint Special  
Administrators'  
progress  
report for the  
period 19 July  
2017 to 18  
January 2018

Alpari (UK) Limited - in  
Special Administration

14 February 2018

# 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.

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 2017 to 18 January 2018.
- We have focused on all three statutory objectives set out in the Regulations (Section 2 - Progress to date).
- We have reached agreement with HMRC regarding Alpari's corporation tax liability, materially improving the outcome for creditors.
- To date FSCS has taken assignment of 12,759 client claims and has paid compensation of USD 55.3 million in respect of their CMP claim. FSCS has also paid compensation totalling GBP 0.06 million in respect of the client claims agreed after 30 October 2016 which are classified as an unsecured claim (Section 2.4 - Regulatory Matters).
- On 31 May 2017, we declared and paid a second and final client money distribution of 27.0 cents in the \$ (USD), bringing total client money distributions to 82.0 cents in the \$ (USD). Any deficit in client monies ranks as an unsecured claim against the non-client money and assets, and therefore clients also receive a dividend from this source.
- In August 2017, a "catch-up" dividend of 20 pence in the £ (GBP) was made to clients, being equal to the interim distributions made to unsecured creditors.
- Preferential creditors have been paid in full (Section 3 - Dividend prospects and dividends paid).
- On 12 December 2017, we issued a notice of intended final dividend to creditors of the Company. The JSAs intend to declare and make a distribution within the period of two months from 12 January 2018.
- 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.



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 was 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. In addition we have reached agreement with HMRC (Section 2.3: Progress to date - Tax).

#### Client Debtors

In the period covered by this report we have realised GBP 17,527 from debtor realisations.

As previously reported, these recoveries have been achieved from debtors based in 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 (Section 2.3).

## Bank interest

During the period we have realised GBP 5,409 in bank interest (in both estates).

## 2.3 Progress to date

### CMP closure

Following the High Court directions to close the CMP, a second and final client money distribution of 27.0 cents in the \$ (USD) was declared on 31 May 2017, taking total distributions to clients from the client money pool to 82.0 cents in the \$.

The client money pool has now been closed and no further costs or realisations will be charged or credited.

Any clients who have not submitted a client money claim are no longer entitled to any distributions from the client money pool.

Please note that FSCS have confirmed that they will continue to compensate, up to a maximum of GBP 50,000, all eligible clients of the Company who agreed their claim after the closure of the CMP. (Section 2.4 - Regulatory Matters).

### 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](mailto:alpariukclaims@kpmg.co.uk)

Our contact telephone number is 0333 202 1397.

### Client debtors

As indicated in our previous reports, 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 approximately GBP 1.7 million to date, 59 debtors have entered into instalment settlement arrangements.

We have continued to take cost effective actions as noted in previous reports. Following detailed consultation with the creditors' committee, we decided that the recoveries from further pursuing debtors beyond March 2018 would not justify the costs of continuing the special administration. Therefore we have concluded our recovery efforts.

### 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.

We will decommission all IT equipment prior to closure.

#### 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 10,296 since our previous progress report which relates to services provided in the prior reporting period. This payment was received after the end of the reporting period and is not included in the attached receipts and payments account.

#### 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 2017 and 31 December 2017.

The Company has ceased to make taxable supplies but continues to incur services from overseas suppliers which must be considered for the purposes of the VAT registration threshold of £85,000. As the administration is expected to come to an end in March 2018, the value of the overseas services has significantly reduced and we expect this to be no more than £50,000. On that basis the JSAs have applied to HMRC for VAT deregistration.

During the period, HMRC's enquiry into the corporation tax return for the period ended 31 December 2015 was closed and the Company's position on the timing of the cessation of trade was accepted, such that no adjustments to the tax return were required. As a result, a cash reserve is no longer required to cover any potential corporation tax liability that might have arisen if the outcome of the enquiry had been different. The provision of GBP 1,393,000 has been released and that reserve will now increase distributable funds.

Following the closure of HMRC's enquiry, further corporation tax returns for all accounting periods ending on or before 31 December 2017 were submitted. A payment of GBP 697.49 was made in respect of corporation tax liability for the period ending 31 December 2017. HMRC have not raised any further enquiries into these returns and we will shortly be taking steps to file the final corporation tax return and request HMRC to provide the Special Administrators with corporation tax clearance in order to exit the Special Administration.

## **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.

Following the closure of the CMP, we have supplied the FCA with all the information required by the waiver granted by them allowing closure.

We will continue to co-operate with the FCA in all matters as appropriate until the closure of the administration, expected in March 2018.

### **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.

Clients who wish to assign their claim to FSCS should contact FSCS directly by emailing [enquiries@fscs.org.uk](mailto: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 12,759 clients totalling USD 55.3 million and 74 payments totalling GBP 0.06 million in respect of the clients' unsecured claims.

## 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. The final cost allocations on the agreed basis between the estates following confirmation of the final asset and liability position on closure of the CMP was 77.7% to the client estate and 22.3% to the house estate. No further cost allocations have taken place since the closure of the CMP.

### 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. Their work in the period predominantly relates to closure related activities: in particular the correct treatment of clients' claims in the house estate and preparation of the Court papers for the application to close.

We have paid GBP 46,951 to Ashurst in the reporting period, including counsel's fees.

### CCI Legal Fees

In respect of the client debtor recoveries we have paid commissions in the period of GBP 3,292.

### 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 136,550.

#### Storage

During the period, we have incurred storage costs of GBP 3,681.

#### Tax Advice

During the period we have paid GBP 7,500 in relation to consulting tax counsel in order to achieve the agreement with HMRC noted above.

#### Insurance of assets

During the period we have incurred insurance costs of GBP 1,771.

## 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 30 April 2015 an initial client money distribution of 55 cents in the dollar was declared by the Joint Special Administrators ("JSA's") from the Client Money Pool ("CMP"), with the initial distribution made on 24 June 2015.

On 29 September 2016 the English High Court made an Order prescribing a procedure by which the remaining 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 and we subsequently adjudicated all claims.

Accordingly, a second and final client money distribution of 27.0 cents in the \$ (USD) was declared on 31 May 2017, bringing total distributions to clients with an agreed claim from the client money pool to 82.0 cents in the \$ (USD).

As advised previously, any deficit in client monies is ranked as an unsecured claim against the non-client money and assets, and as a result clients also received a dividend from that source.

In August 2017, a "catch-up" dividend of 20 pence in the £ (GBP) was made to clients, being equal to the interim distributions made to unsecured creditors.

Pursuant to Rule 175 of the Rules, on 12 December 2017 we issued a notice that the JSAs propose to make a final distribution to the unsecured creditors of the Company. The last date

for proving was 12 January 2018 and the JSAs intend to declare and make a distribution within the period of two months from 12 January 2018.

If clients had not agreed their claim on the Claims Portal before the above deadlines, they are no longer entitled to any distribution from the client money pool nor can they claim as an unsecured creditor.

Please note eligible clients are able to make a claim 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.

#### Claims Portal

The deadline for claims to be submitted on the Claims Portal was 12 January 2018. The Claims Portal is now closed and clients have no access to it anymore.

### **3.2 Preferential creditors**

All preferential creditors have been paid in full.

### **3.3 Unsecured creditors**

The total value of agreed unsecured claims (excluding client unsecured claims but including employee unsecured claims) is GBP 21,565,445. The last date for proving was 12 January 2018, which has now expired. Client unsecured claims total GBP 8,957,888.

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 up to the end of this reporting period is GBP 6,258,822 including preferential creditors and payments of PAYE on certain unsecured claims.

Initially 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 is because it was 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 within the final dividend.

The overall return to unsecured creditors and clients from the general creditor estate in relation to their unsecured claims is approximately 44 pence in the £ (GBP).

## **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 debtors strategy, tax strategy, providing approval for the JSAs to draw the fees, illustrative financial outcome statements, the allocation of cost mechanism and the procedure for the closure of the CMP.

There have been regular calls and correspondence with the creditors' committee and it is expected that the next communication will be provided in February 2018.

## **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 5.

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 5.

Following the initial approval to draw a fee on account of GBP 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.
- In view of the need to make the final distribution before all costs are ascertained: in particular the need to estimate final IT costs and bank charges involved in making the distribution, and the possibility that a small balance will be received from debt collections before closure, the committee has approved a final fee (inclusive of irrecoverable VAT) equal to any remaining cash balance after payment of the final distribution and all costs. This amount is capped at £75,000 and is in addition to the cap of £10.5 million noted below. We will report the amount drawn in our final progress report.

## 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 2017 to 18 January 2018, we have incurred time costs of GBP 342,207. These represent 703 hours at an average rate of GBP 487 per hour.

From the date of our appointment to 18 January 2018, we have incurred time costs of GBP 13,649,622. These represent 32,488 hours at an average rate of GBP 420 per hour.

Key areas where the majority of costs were incurred are:

- Corporation tax relates to correspondence and meetings with HMRC to secure a reduction in our tax liability of GBP 1,391,000.
- Cashiering costs incurred during the period relate to the tasks undertaken to complete the client money final distribution and subsequent closure of the estate;
- Majority of VAT costs incurred during the period relate to VAT returns and reconciliations of VAT accounts as well as communication with HMRC regarding the outstanding refunds;

- Cost incurred in relation to clients queries are linked to work undertaken prior to and during the final distribution to unsecured creditors. This includes answering clients' queries, assisting with agreeing claims and updating details.

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 5) and in our previous progress report(s).

#### Remuneration

During the period, we have drawn remuneration of GBP 932,217 plus VAT of which GBP 237,624 relates to the current period. The remainder relates to the prior period.

#### Disbursements

During the period, we have paid disbursements of GBP 73.25 which relate to the previous period.

#### Additional information

We have attached (Appendix 5) 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 2017 to 18 January 2018. 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:

- Co-operating with the FCA and other regulatory bodies;
- Supplying information on agreed client claims to FSCS;
- Payment of final dividend to unsecured creditors;
- Dealing with ongoing statutory and compliance obligations as well as responding to queries raised; and
- Transfer of unclaimed dividends from client money to the Insolvency Service and closing the CMP.

## **6.2 Future reporting**

We will provide a final progress report following the closure of this special administration expected to be in March 2018.

## 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 (incl. movements in cost allocations).

### 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 19/07/17 to 18/01/18 | Cumulative total (USD) From 19/01/15 to 18/01/18 |
|---|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|--|
| <b>FIXED ASSETS</b>                       |             |                 |                 |                 |                 |                 |                 |                 |                                       |  |
| Bank charges                              | (405.08)    | -               | -               | -               | -               | -               | -               | -               | (405.08)                              | (425.08)   |
|   |             |                 |                 |                 |                 |                 |                 |                 | (405.08)                              | (425.08)   |
| <b>ASSET REALISATIONS</b>                 |             |                 |                 |                 |                 |                 |                 |                 |                                       |  |
| Contribution to Administrators Costs      | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | 15,020.15  |
| Services to FSCS (agreed consideration)   | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | 244,174.47                                       |
| Cash at bank                              | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | 98,330,207.77                                    |
| 98,989,057.14                             |             |                 |                 |                 |                 |                 |                 |                 | -                                     | 98,589,402.39                                    |
| <b>OTHER REALISATIONS</b>                 |             |                 |                 |                 |                 |                 |                 |                 |                                       |  |
| Bank interest, gross                      | -           | 432.89          | -               | -               | -               | -               | -               | -               | 432.89                                | 48,656.21  |
| eWallet Receipts                          | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | 34,350.11  |
|   |             |                 |                 |                 |                 |                 |                 |                 | 432.89                                | 83,006.32  |
| <b>COST OF REALISATIONS</b>               |             |                 |                 |                 |                 |                 |                 |                 |                                       |  |
| VAT reclaimed in GBP                      | 16,334.34   | (219,569.57)    | 29,124.85       | -               | -               | -               | -               | -               | (174,110.38)                          | (197,477.17)                                     |
| Currency account transfers - In           | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | 22,967,270.91                                    |
| Currency account transfers - Out          | (19,652.88) | (105,482.67)    | -               | -               | -               | -               | -               | -               | (125,135.55)                          | (23,507,060.93)                                  |
| Hiring of meeting venue                   | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (14,868.21)                                      |
| IT Suppliers                              | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (1,128,128.52)                                   |
| Pre-Admin Client Refunds                  | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (12,933.60)                                      |
| Administrators' fees                      | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (11,275,814.14)                                  |
| Administrators' fees (pre-administration) | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (60,779.75)                                      |
| Administrators' disbursements             | -           | -               | -               | -               | -               | -               | -               | -               | -                                     | (60,367.12)                                      |

|                                   |          |              |   |   |   |   |              |                 |
|-----------------------------------|----------|--------------|---|---|---|---|--------------|-----------------|
| Irrecoverable VAT                 | -        | (122,249.06) | - | - | - | - | (122,249.06) | (1,262,280.81)  |
| Professional services             | -        | -            | - | - | - | - | -            | (48,743.97)     |
| Agents/Valuers' fees              | -        | -            | - | - | - | - | -            | (37,655.29)     |
| Post Admin Client Receipt Refunds | -        | -            | - | - | - | - | -            | (40,375.72)     |
| Legal fees                        | -        | -            | - | - | - | - | -            | (2,290,364.35)  |
| Legal fees (pre-admin)            | -        | -            | - | - | - | - | -            | (158,051.79)    |
| Sundry expenses                   | -        | -            | - | - | - | - | -            | (21.12)         |
| Utilities                         | -        | -            | - | - | - | - | -            | (12,752.32)     |
| Stationery & postage              | -        | -            | - | - | - | - | -            | (375.87)        |
| Call centre costs                 | -        | -            | - | - | - | - | -            | (221,259.55)    |
| Storage costs                     | -        | -            | - | - | - | - | -            | (19,092.89)     |
| Statutory advertising             | -        | -            | - | - | - | - | -            | (7,338.82)      |
| Rent                              | -        | -            | - | - | - | - | -            | (170,251.50)    |
| Other property expenses           | -        | -            | - | - | - | - | -            | (39,528.45)     |
| Insurance of assets               | -        | -            | - | - | - | - | -            | (5,326.93)      |
| Wages & salaries                  | -        | -            | - | - | - | - | -            | (1,553,141.76)  |
| PAYE & NIC                        | -        | -            | - | - | - | - | -            | (991,118.77)    |
| Bank charges                      | (224.89) | -            | - | - | - | - | (224.89)     | (21,234.73)     |
| Rent deposit                      | -        | -            | - | - | - | - | -            | (12,293.02)     |
|                                   |          |              |   |   |   |   | (421,719.88) | (20,181,366.19) |

|                  |                           |              |   |   |   |   |              |                 |
|------------------|---------------------------|--------------|---|---|---|---|--------------|-----------------|
| CLIENT CREDITORS |                           |              |   |   |   |   |              |                 |
| (96,407,400.45)  | Client money distribution | (285,027.50) | - | - | - | - | (285,027.50) | (78,145,165.32) |
|                  |                           |              |   |   |   |   | (285,027.50) | (78,145,165.32) |

**2,581,656.69**

|                                 |              |              |   |   |   |   |              |            |
|---------------------------------|--------------|--------------|---|---|---|---|--------------|------------|
| REPRESENTED BY                  |              |              |   |   |   |   |              |            |
| Floating ch. VAT recable        | -            | (305,332.04) | - | - | - | - | (305,332.04) | -          |
| Client Distribution Account USD | (305,310.35) | -            | - | - | - | - | (305,310.35) | 320,681.67 |
| Post Admin Client Account       | -            | -            | - | - | - | - | -            | -          |

|                          |           |              |           |   |   |   |   |              |            |
|--------------------------|-----------|--------------|-----------|---|---|---|---|--------------|------------|
| Floating charge current  | -         | (105,049.78) | -         | - | - | - | - | (105,049.78) | 24,770.46  |
| Floating ch. VAT payable | -         | 470.60       | -         | - | - | - | - | 470.60       | -          |
| Floating ch. VAT control | 16,334.34 | (36,957.19)  | 29,124.85 | - | - | - | - | 8,502.00     | -          |
| Due to House Estate      | -         | -            | -         | - | - | - | - | -            | -          |
|                          |           |              |           |   |   |   |   | (706,719.57) | 345,452.13 |

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 19/07/17 to 18/01/18 | Cumulative total (£) From 19/01/15 to 18/01/18 |
|---|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|--|
| <b>FIXED CHARGE ASSETS</b>                      |           |               |               |               |               |               |               |               |                                     |  |
| 1,449,161.79 Rent deposit                       | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| <b>FIXED CHARGE CREDITORS</b>                   |           |               |               |               |               |               |               |               |                                     |  |
| (1,449,161.79) Fixed charge creditor (Landlord) | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| <b>ASSET REALISATIONS</b>                       |           |               |               |               |               |               |               |               |                                     |  |
| 60,351.35 Other debtors                         | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 8,487.92                                       |
| Uncertain Furniture & equipment                 | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 147,085.86                                     |
| Contribution to Administrators                  | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 4,251.99                                       |
| Costs   | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| 7,218,155.93 Bad debt provision (clients)       | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| Services to FSCS (agreed consideration)         | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 87,599.68                                      |
| Property rights/Patents                         | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 4,356,092.74                                   |
| Intercompany loans & receivables                | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| 4,420,686.54 Book debts                         | 17,527.43 | -             | -             | -             | -             | -             | -             | -             | 17,527.43                           | 1,713,801.39                                   |
| 39,346.75 Sale of Subsidiary                    | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 1,675,000.00                                   |
| 265,851.26 Sale of Client Details               | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 1,114,861.64                                   |
| Global Collect Reserves                         | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| VAT refunds (pre-appointment)                   | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 18,935.83                                      |
| 42,493.45 Cash at bank                          | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 8,884,526.12                                   |
| 10,933,584.85 Insurance refund                  | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 48,318.95                                      |
|   |           |               |               |               |               |               |               |               | 17,527.43                           | 18,058,962.12                                  |
| <b>OTHER REALISATIONS</b>                       |           |               |               |               |               |               |               |               |                                     |  |
| Bank interest, gross                            | 5,095.55  | -             | -             | -             | -             | -             | -             | -             | 5,095.55                            | 67,582.23                                      |
| Brokerage receipts                              | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 259,311.11                                     |
| eWallet Receipts                                | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | -  |
| EP(C)/A funds                                   | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 1,179,911.24                                   |
| Sundry refunds                                  | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 11,314.76                                      |
| Rent deposit refund                             | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 23,484.87                                      |
| Software Licenses                               | -         | -             | -             | -             | -             | -             | -             | -             | -                                   | 16,466.00                                      |
|   |           |               |               |               |               |               |               |               | 5,095.55                            | 1,558,070.21                                   |





|                                       |                        |                |             |   |   |   |                       |                     |
|---------------------------------------|------------------------|----------------|-------------|---|---|---|-----------------------|---------------------|
| Dividend to unsecured creditors       | (1,991,563.32)         | -              | -           | - | - | - | (1,991,563.32)        | (6,130,563.06)      |
| Employees & pension contributions     | (3,581,023.45)         | -              | -           | - | - | - | -                     | (69,896.53)         |
| EP(C)A bal. & redundancy              |                        | -              | -           | - | - | - | -                     | (58,362.33)         |
| Shortfall to Fxd Ch. Cred. (Landlord) | (7,934,269.21)         | -              | -           | - | - | - | -                     | -                   |
| Professional clients                  | (12,198,392.35)        | -              | -           | - | - | - | -                     | -                   |
| Intercompany balances                 | (632,439.73)           | -              | -           | - | - | - | -                     | -                   |
| HMRC - general betting duty           | (89,079.21)            | -              | -           | - | - | - | -                     | -                   |
|                                       |                        |                |             |   |   |   | (1,991,563.32)        | (6,258,821.92)      |
| <b>DISTRIBUTIONS</b>                  |                        |                |             |   |   |   |                       |                     |
| Ordinary shareholders                 | (4,484,532.00)         | -              | -           | - | - | - | -                     | -                   |
|                                       | <b>(16,026,108.21)</b> |                |             |   |   |   | <b>(2,922,384.96)</b> | <b>7,228,898.70</b> |
| <b>REPRESENTED BY</b>                 |                        |                |             |   |   |   |                       |                     |
| Floating ch. VAT rec'able             | (652.31)               | -              | -           | - | - | - | -                     | 688.32              |
| Distribution Account GBP              | 2,375,616.29           | -              | -           | - | - | - | 2,375,616.29          | 2,380,031.43        |
| Floating charge current               | (2,961,840.10)         | (2,263,654.34) | (70,608.41) | - | - | - | (5,296,102.85)        | 5,066,165.35        |
| Floating ch. VAT payable              | -                      | -              | -           | - | - | - | -                     | 1,634.95            |
| Floating ch. VAT control              | (185,922.00)           | 198,777.45     | (14,101.54) | - | - | - | (1,246.09)            | (219,621.38)        |
| Inter-case VAT control                | -                      | -              | -           | - | - | - | -                     | -                   |
| Due from CMP                          | -                      | -              | -           | - | - | - | -                     | -                   |
|                                       |                        |                |             |   |   |   | <b>(2,922,384.96)</b> | <b>7,228,898.67</b> |

## Appendix 3 Schedule of expenses

| <b>Schedule of expenses (19/07/2017 to 18/01/2018)</b> |  |  |                       |
|--|--|--|-----------------------|
| <b>Expenses</b>  | <b>Incurred and paid in the period<br/>GBP</b> | <b>Incurred in the period not yet paid<br/>GBP</b> | <b>Total GBP</b>      |
| <b>Cost of realisations</b>                            |  |  |                       |
| IT suppliers   | (136,550.87)                                   | (12,714.87)  | (149,265.74)          |
| Administrators' fees                                   | (932,217.89)                                   | -  | (932,217.89)          |
| Administrators' disbursements                          | (73.25)  | -  | (73.25)               |
| Irrecoverable VAT                                      | (185,195.14)                                   | -  | (185,195.14)          |
| Professional services                                  | (7,500.00)                                     | -  | (7,500.00)            |
| CCI legal fees   | (3,292.26)                                     | -  | (3,292.26)            |
| Legal fees   | (46,951.40)                                    | -  | (46,951.40)           |
| Call Centre Costs                                      | (408.18)                                       | -  | (408.18)              |
| Storage costs  | (3,681.47)                                     | -  | (3,681.47)            |
| Statutory advertising                                  | (69.00)  | -  | (69.00)               |
| Insurance of assets                                    | (1,328.25)                                     | -  | (1,328.25)            |
| Bank charges   | (1,971.33)                                     | -  | (1,971.33)            |
| <b>TOTAL</b>   | <b>(1,319,239.03)</b>                          | <b>(12,714.87)</b>                                 | <b>(1,331,953.90)</b> |

Please note that there is a difference between the payments made during the period of GBP 1,320,378.64 (per the receipts and payments accounts for the client and house estate) and the expenses incurred and paid in the period of GBP 1,319,239.03 (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 Sebastian Kopis,  
c/o KPMG LLP, 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 the Alpari helpline on 0333 202 1397.

### 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 2017 to 18 January 2018.

| SIP 9 - Disbursements    |            |               |            |            |               |
|--------------------------|------------|---------------|------------|------------|---------------|
| Disbursements            | Category 1 |               | Category 2 |            | Totals (£)    |
|                          | Paid (£)   | Unpaid (£)    | Paid (£)   | Unpaid (£) |               |
| Courier & delivery costs |            | 117.72        | NIL        |            | 117.72        |
| External printing        |            | 162.24        | NIL        |            | 162.24        |
| Meals                    |            | 10.52         | NIL        |            | 10.52         |
| Postage                  |            | 291.23        | NIL        |            | 291.23        |
| Telecommunications       |            | 282.67        | NIL        |            | 282.67        |
| <b>Total</b>             |            | <b>864.38</b> | <b>NIL</b> |            | <b>864.38</b> |

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 2017 to 18 January 2018

The key areas of work have been:

|   |   |
|---|---|
| Statutory and compliance                  | <ul style="list-style-type: none"> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>  |
| Strategy documents, Checklist and reviews | <ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the special administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the special administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the special administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> <li>■ formulating strategy and discussions with FCA and lawyers regarding closure of the CMP.</li> </ul> |
| Cashiering                                | <ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments;</li> <li>■ utilising internet banking to ensure client and creditor distributions are made electronically;</li> <li>■ arranging currency transfers.</li> </ul>   |
| Tax                                       | <ul style="list-style-type: none"> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working on tax returns relating to the periods affected by the special administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ dealing with post appointment tax compliance, including agreeing that the Company is not a banking company and the date of cessation of trade;</li> <li>■ preparing post appointment VAT returns.</li> </ul>  |
| General (Fees and WIP)                    | <ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ drawing remuneration in accordance with the basis which has been approved by the creditors' committee;</li> <li>■ dealing with the ongoing storage of Company books and records;</li> <li>■ liaison with FCA regarding client record storage requirements.</li> </ul>   |
| Asset realisations                        | <ul style="list-style-type: none"> <li>■ reviewing outstanding debtors and management of debt collection strategy;</li> <li>■ liaising with contractors (former employees) and communicating with debtors;</li> <li>■ seeking legal advice in relation to book debt collections;</li> <li>■ document and implement formal process to identify and provide all relevant documents required to be disclosed in litigation proceedings;</li> <li>■ ongoing support to lawyers to progress debtor claims.</li> </ul>  |
| Health and safety                         | <ul style="list-style-type: none"> <li>■ liaising with the Health and Safety Executive regarding the special administration and ongoing health and safety compliance.</li> </ul>  |
| Open cover insurance                      | <ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>  |
| Creditors and claims                      | <ul style="list-style-type: none"> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the special administration and submission of their claims;</li> <li>■ monitor, maintain, and close the Claims Portal;</li> <li>■ calculation and treatment of client unsecured claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;</li> <li>■ agree client, preferential and unsecured creditor claims;</li> </ul>  |

|            |   |
|------------|---|
|            | <ul style="list-style-type: none"> <li>■ completing necessary KYC checks at each distribution;</li> <li>■ liaising with the FSCS to provide updated client details and status of claims;</li> <li>■ drafting progress report;</li> <li>■ arranging bulk emails and portal communication in order to encourage clients to agree their claims;</li> <li>■ Preparing for the final dividend to unsecured creditors.</li> </ul> |
| Committees | <ul style="list-style-type: none"> <li>■ dealing with the formation of the Creditors' Committee, arranging and chairing meetings of the Creditors' Committee and providing regular reports</li> </ul>   |
| Regulatory | <ul style="list-style-type: none"> <li>■ liaising with the FCA and Ashurst in respect of the FCA waiver modification;</li> <li>■ providing regular updates to the FCA in respect of the progress of the Special Administration;</li> <li>■ responding to FCA's information requests.</li> </ul>   |
| IT         | <ul style="list-style-type: none"> <li>■ decommissioning of IT systems and closure of data centre;</li> <li>■ ensuring continuity of provision of IT services and related data;</li> <li>■ optimising IT infrastructure.</li> </ul>   |



## Time costs

| SIP 9 – Time costs analysis (19/07/2017 to 18/01/2018) |                    |         |               |         |       |               |                         |
|--|--------------------|---------|---------------|---------|-------|---------------|-------------------------|
|  | Hours              |         |               |         | Total | Time Cost (£) | Average Hourly Rate (£) |
|  | Partner / Director | Manager | Administrator | Support |       |               |                         |
| <b>Administration &amp; planning</b>                   |                    |         |               |         |       |               |                         |
| <b>Cashiering</b>                                      |                    |         |               |         |       |               |                         |
| Fund management  |                    | 1.30    |               |         | 1.30  | £669.50       | £515.00                 |
| General (Cashiering)                                   |                    | 36.20   | 23.70         |         | 59.90 | £26,612.50    | £444.28                 |
| Reconciliations (& IPS accounting reviews)             |                    | 8.10    | 2.80          |         | 10.90 | £5,023.50     | £460.87                 |
| <b>General</b>   |                    |         |               |         |       |               |                         |
| Books and records                                      |                    | 5.20    |               |         | 5.20  | £2,678.00     | £515.00                 |
| Fees and WIP   | 0.30               | 1.60    | 2.20          |         | 4.10  | £1,673.00     | £408.05                 |
| <b>Statutory and compliance</b>                        |                    |         |               |         |       |               |                         |
| Checklist & reviews                                    | 0.30               | 6.40    | 0.20          |         | 6.90  | £3,593.00     | £520.72                 |
| Closure and related formalities                        | 2.80               | 21.90   |               |         | 24.70 | £13,636.50    | £552.09                 |
| Reports to debenture holders                           |                    | 2.80    |               |         | 2.80  | £1,442.00     | £515.00                 |
| Statutory advertising                                  |                    | 1.10    |               |         | 1.10  | £566.50       | £515.00                 |
| Statutory receipts and payments accounts               |                    | 7.30    | 0.30          |         | 7.60  | £3,845.00     | £505.92                 |
| Strategy documents                                     | 9.50               | 4.60    |               |         | 14.10 | £9,741.00     | £690.85                 |
| <b>Tax</b>   |                    |         |               |         |       |               |                         |
| Post appointment corporation tax                       | 18.80              | 36.90   | 12.90         |         | 68.60 | £37,668.00    | £549.10                 |
| Post appointment PAYE (Non Trading)                    |                    | 2.30    | 1.00          |         | 3.30  | £1,469.50     | £445.30                 |
| Post appointment VAT                                   | 1.10               | 25.80   | 5.00          |         | 31.90 | £15,565.00    | £487.93                 |
| <b>Creditors</b>                                       |                    |         |               |         |       |               |                         |
| <b>Committees</b>                                      |                    |         |               |         |       |               |                         |
| Meetings   | 4.30               |         |               |         | 4.30  | £3,182.00     | £740.00                 |
| Reports  | 4.10               |         |               |         | 4.10  | £3,034.00     | £740.00                 |
| <b>Creditors and claims</b>                            |                    |         |               |         |       |               |                         |
| Agreement of unsecured claims                          | 2.80               |         |               |         | 2.80  | £2,072.00     | £740.00                 |
| General correspondence                                 | 1.30               | 0.70    | 7.20          |         | 9.20  | £3,374.50     | £366.79                 |
| Notification of appointment                            |                    | 0.60    |               |         | 0.60  | £309.00       | £515.00                 |
| Payment of dividends                                   | 10.20              | 0.50    | 12.00         |         | 22.70 | £11,320.50    | £498.70                 |

**SIP 9 – Time costs analysis (19/07/2017 to 18/01/2018)**

|   | Hours              |         |               |         |       | Time Cost (£) | Average Hourly Rate (£) |
|---|--------------------|---------|---------------|---------|-------|---------------|-------------------------|
|   | Partner / Director | Manager | Administrator | Support | Total |               |                         |
| Pre-appointment VAT / PAYE / CT                 |                    | 2.30    |               |         | 2.30  | £1,184.50     | £515.00                 |
| Statutory reports                               | 4.30               | 46.60   |               |         | 50.90 | £27,792.00    | £546.01                 |
| Employees                                       |                    |         |               |         |       |               |                         |
| Correspondence                                  |                    | 4.70    | 8.80          |         | 13.50 | £5,720.50     | £423.74                 |
| <b>General analysis</b>                         |                    |         |               |         |       |               |                         |
| <i>Administration and planning</i>              |                    |         |               |         |       |               |                         |
| Engagement management                           |                    |         | 5.20          |         | 5.20  | £1,482.00     | £285.00                 |
| <i>Assetrealisation</i>                         |                    |         |               |         |       |               |                         |
| Cash and investments - client monies            | 4.10               |         |               |         | 4.10  | £3,034.00     | £740.00                 |
| <i>Cashiering</i>                               |                    |         |               |         |       |               |                         |
| Reconciliations - client monies                 |                    | 2.10    |               |         | 2.10  | £1,081.50     | £515.00                 |
| <i>Creditors and claims</i>                     |                    |         |               |         |       |               |                         |
| Clients - FSCS                                  |                    | 25.10   | 5.85          |         | 30.95 | £14,593.75    | £471.53                 |
| Clients - KYC                                   |                    | 0.90    |               |         | 0.90  | £463.50       | £515.00                 |
| Clients - professional - agreement of account   |                    | 7.30    |               |         | 7.30  | £3,759.50     | £515.00                 |
| Clients - professional - general correspondence |                    | 5.40    |               |         | 5.40  | £2,781.00     | £515.00                 |
| Clients - retail - agreement of account         |                    | 0.60    |               |         | 0.60  | £309.00       | £515.00                 |
| Clients - retail - claims portal                |                    | 1.70    |               |         | 1.70  | £875.50       | £515.00                 |
| Clients - retail - general correspondence       |                    | 79.10   | 12.70         |         | 91.80 | £42,241.00    | £460.14                 |
| Clients - retail - payment of dividend          |                    | 64.40   | 25.00         |         | 89.40 | £38,646.00    | £432.28                 |
| <i>General</i>                                  |                    |         |               |         |       |               |                         |
| IT, Systems, cut off and information            |                    | 33.10   |               |         | 33.10 | £17,046.50    | £515.00                 |
| Purchase and trading costs                      | 0.60               | 17.60   | 22.55         |         | 40.74 | £15,934.75    | £391.04                 |
| <i>Investigations</i>                           |                    |         |               |         |       |               |                         |
| Regulatory reports & investigations - other     | 0.10               |         |               |         | 0.10  | £74.00        | £740.00                 |
| <i>Statutory and compliance</i>                 |                    |         |               |         |       |               |                         |
| Communications - FCA                            |                    | 7.20    | 1.00          |         | 8.20  | £3,758.00     | £458.29                 |
| FCA- regulatory                                 | 2.30               |         |               |         | 2.30  | £1,702.00     | £740.00                 |

**SIP 9 – Time costs analysis (19/07/2017 to 18/01/2018)**

|                                       | Hours                 |         |               |         |        | Time | Cost (£)   | Average<br>Hourly Rate<br>(£) |
|---------------------------------------|-----------------------|---------|---------------|---------|--------|------|------------|-------------------------------|
|                                       | Partner /<br>Director | Manager | Administrator | Support | Total  |      |            |                               |
| Investigations                        |                       |         |               |         |        |      |            |                               |
| Correspondence re investigations      | 0.20                  | 3.20    | 8.50          |         | 11.90  |      | £4,218.50  | £354.50                       |
| Realisation of assets                 |                       |         |               |         |        |      |            |                               |
| Asset Realisation                     |                       |         |               |         |        |      |            |                               |
| Debtors                               | 1.30                  | 9.00    |               |         | 10.30  |      | £5,597.00  | £543.40                       |
| Freehold property                     |                       | 0.60    |               |         | 0.60   |      | £309.00    | £515.00                       |
| Goodwill                              | 0.10                  |         |               |         | 0.10   |      | £74.00     | £740.00                       |
| Leasehold property                    | 0.30                  |         |               |         | 0.30   |      | £222.00    | £740.00                       |
| Office equipment, fixtures & fittings | 0.10                  | 0.70    |               |         | 0.80   |      | £434.50    | £543.13                       |
| Sale of business                      | 1.60                  |         |               |         | 1.60   |      | £1,184.00  | £740.00                       |
| Stock and WIP                         |                       |         | 0.75          |         | 0.75   |      | £213.75    | £285.00                       |
| Total in period                       | 70.50                 | 474.90  | 157.65        |         | 703.05 |      | 342,206.75 | £486.75                       |

|  |           |               |
|--|-----------|---------------|
| Brought forward time (appointment date to SIP 9 period start date)   | 31,785.26 | 13,307,415.95 |
| SIP 9 period time (SIP 9 period start date to SIP 9 period end date) | 703.05    | 342,206.75    |
| Carry forward time (appointment date to SIP 9 period end date)       | 32,488.31 | 13,649,622.70 |

## Appendix 5      Glossary

|   |   |
|---|---|
| <b>Alpari UK/Company</b>                          | Alpari (UK) Limited – in Special Administration   |
| <b>Ashurst</b>                                    | Ashurst LLP   |
| <b>Authorities</b>                                | The Bank of England and the Financial Conduct Authority   |
| <b>Bar date</b>                                   | Deadline for submitting Client Money Claims which was set as 30 October 2016                          |
| <b>CASS rules</b>                                 | The rules comprised in the Financial Conduct Authority's Client Assets Sourcebook                     |
| <b>CCI Legal</b>                                  | CCI Legal Services Limited  |
| <b>CMP</b>  | Client Money Pool   |
| <b>Contractual Claim Amount</b>                   | The claim which clients have against the House estate   |
| <b>FCA</b>  | Financial Conduct Authority   |
| <b>FSCS</b>                                       | Financial Services Compensation Scheme  |
| <b>GBP</b>  | Great British Pound   |
| <b>HMRC</b>                                       | Her Majesty's Revenue and Customs   |
| <b>Joint Special Administrators/JSA/we/our/us</b> | 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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