

Our Ref: SEB/NJR/HC/B016

LETTER TO CLIENTS AND CREDITORS

28 April 2015

Dear Sirs

Boston Prime Limited ("the Company") – In Special Administration

I refer to our previous correspondence in relation to the Company following our appointment as Special Administrators by the High Court of Justice on 9 February 2015.

You will by now have received a copy of our letter dated 14th April 2015 from which you will note that our proposals were approved at the initial meeting ("Initial Meeting"), held in London on Wednesday 8th April 2015, by both clients and creditors .

Following the approval of our proposals, we are now in a position to begin the work of identifying and categorising the claims of clients and creditors as well as establishing a mechanism for payment of client monies to parties entitled to them in accordance with the provisions laid out in the Financial Conduct Authority Client Assets Sourcebook ("FCA CASS") rules.

FCA CASS rules – the general position

The FCA CASS rules apply (in broad terms) to an FCA regulated firm that receives money from, or holds money on behalf of, a client and that should hold that money to the client's order or for their benefit. Money which a firm holds in this way is referred to as "client money" in the FCA CASS rules.

In accordance with FCA CASS rules, the appointment of Special Administrators is a "primary pooling event" the effect of which is that client money held segregated in the firm's client bank accounts together with any identifiable client money held in the firm's own accounts is pooled ("the Pooled Funds").

Clients who have client money claims under the FCA CASS rules ("Client Money Claims") will be entitled to a share of the Pooled Funds, less any costs incurred in relation to pursuance of Objective 1 of the objectives of the Special Administration as set out in Regulation 10 of the Investment Bank Special Administration Regulations 2011 ("SAR") being "to ensure the return of client assets [including monies] as soon as is reasonably practicable". Such costs include the costs incurred by the Special Administrators in dealing with the relevant Client Money Claims and with the Pooled Funds.

Once the Client Money Claims and the costs of dealing with those claims and the Pooled Funds have been taken into consideration, all clients with an agreed Client Money Claim will have a distribution entitlement which equates to a rateable proportion of the net Pooled Funds.

Applying the general position under the FCA CASS rules to the Company's situation the position is that before the rateable distribution can be made, it will be necessary for the Special Administrators to identify the following:

- The extent and value of the client money held subject to the FCA CASS Rules, and thus the total value of the Pooled Funds;
- An appropriate currency for the Pooled Funds to be held in relative to the currency in which the majority of such claims are stated;
- The full extent of the Client Money Claims arising in accordance with the FCA CASS rules such that the relevant clients have a distribution entitlement against the Pooled Funds.

As previously advised, any client with a claim for money that falls outside the scope of the FCA CASS rules will rank as an unsecured creditor of the Company with the trade, expense and other creditors of the Company and will rank for a distribution in the Special Administration accordingly.

Funds held by the Company

As referred to in our report and proposals dated 16 March 2015, the Company referred to its various bank accounts as either "Trustee Money" accounts, "Customer Funds" accounts or "Operating Funds" accounts.

- "Trustee Money" accounts included funds held by the Company under terms and conditions that included a trust provision such that these sums are currently understood to represent client money held segregated in client bank accounts in accordance with FCA CASS rules.
- "Customer Funds" accounts included funds held by the Company under terms and conditions of trading that did not require them to be held as client money subject to the FCA CASS rules.
- "Operating Funds" accounts included funds which consisted of funds which the Company used to pay the ongoing overheads and other costs.

Consequently, from the information the Special Administrators have received from the Company, it is apparent that the Company was free to deal with the funds held in bank accounts designated as "Operating Funds" accounts and thus these funds cannot form part of the Pooled Funds for distribution purposes.

However, our enquiries into whether the funds held in the Trustee Money accounts and Customer Funds accounts can be definitively identified as Pooled Funds for distribution purposes are ongoing.

Making Client Money Claims

In order to be considered as having a Client Money Claim, clients will need to provide the Special Administrators with the specific information and documents in support of such claims which are described in more detail below.

Whilst a number of clients have provided us with information relating to their claims, in order for us to ascertain the full extent of Client Money Claims as soon as possible, we require **all** clients (including those who may have previously supplied any information) to provide us with the following details in full:

- A completed client claim form (which can be downloaded from the webpage that we have created specifically for this matter at www.rollingsoliver.com/bostonprime);
- Details of the extent of the outstanding amount due to the client as at the date of the Special Administration order, as well as details of funds transferred to, held with and/or received from the Company and the trading activity undertaken via your account with the Company, all obtained from the Boston Prime back office system (the web based platform to which access was provided by the Company);
- All documentation that represents the full extent of the contractual terms of trading between the client and the Company (including the basis upon which funds due to the Client were to be held) which must include a signed copy of both the Company's terms and conditions of trading (including all attached schedules and notices) and any amendments, variations or replacements to those terms; and
- Any other documents that you believe are relevant to either the quantum or nature of your claim.

In order to expedite this matter, please return all of the above information as soon as is possible and, in any event, **no later than 5.00pm UK Time on Friday 29th May 2015** to either the address above or by email to bostonprime@rollingsoliver.com.

We reserve the right to not consider claims and documentation submitted after the time and date for claims set out above. For the avoidance of doubt, it is the full responsibility of clients to submit their claims and all appropriate supporting documentation.

Subsequent procedures

Once we have clarified the full extent of the Pooled Funds and have received, processed and formed a view on all Client Money Claims, we will notify clients of the anticipated timing and process for the distribution.

We reserve the right to make an application(s) to court to establish a distribution mechanism and the timeframe for assessing client claims (and any disputes with respect thereto) or otherwise seeking clarification on any related issues. The costs of such an application will be applied against either the Pooled Funds or the general assets available in the Special Administration as appropriate depending on the nature of the application.

We hope that this is self-explanatory. However, should you have any further queries regarding this matter, please do contact us accordingly.

Yours sincerely
For Boston Prime Limited



Steve Butt
Joint Special Administrator

Michael David Rollings and Steven Edward Butt were appointed as Joint Special Administrators of Boston Prime Limited by order of the High Court on 9 February 2015.

The affairs, business and property of the Company are being managed by the Joint Special Administrators who acts as agent of the Company and without personal liability.

Michael David Rollings and Steven Edward Butt are licensed to act in the UK as insolvency practitioners by the Insolvency Practitioners Association.

Boston Prime Limited is authorised and regulated by the Financial Conduct Authority, reference number 539846. The Company Number is 07435569 and the registered office is 6 Snow Hill, London. EC1A 2AY