

**Boston Prime Limited – In Special Administration**

**Special Administrators' First Progress Report**

**For the period 9 February 2015 to 8 August 2015**

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## **SPECIAL ADMINISTRATORS' PROGRESS REPORT**

### **1 Purpose of this report**

- 1.1 The purpose of this report is to provide clients and creditors with information in relation to the progress of the Special Administration of Boston Prime Limited ("the Company") for the period 9 February 2015 to 8 August 2015.
- 1.2 The report has only been prepared for the purpose of compliance with statutory requirements under the Insolvency Act 1986, Insolvency Rules 1986 (as amended) and The Investment Bank Special Administration Regulations 2011 ("SAR"). It has not been prepared for any other purpose and is not intended, nor suitable to be used, to inform any investment decision in relation to any debt of or any financial interest in the Company.
- 1.3 Any person that chooses to rely on any information referred to in this report for any purpose or in any context other than the purpose of this report referred to above does so at its own risk.
- 1.4 To the fullest extent permitted by law, the Special Administrators, their firm, its employees and agents do not have or assume any responsibility and will not accept any liability in respect or as a result of any decision or action taken or refrained from as a result of information contained in this report.

### **2 Statutory information**

- 2.1 I, together with my colleague Mike Rollings, was appointed Joint Special Administrator of the Company on 9 February 2015. The appointment of Special Administrators was made by the High Court of England and Wales.
- 2.2 This Special Administration is being handled by Rollings Oliver LLP of 6 Snow Hill, London, EC1A 2AY. The Special Administration is registered in the High Court of Justice, Chancery Division, Companies Court, reference number 1051 of 2015.
- 2.3 The trading address of the Company was Citypoint Suite 1248, 1 Ropemaker Street, London, EC2Y 9HT.
- 2.4 The registered office of the Company is c/o Rollings Oliver LLP, 6 Snow Hill, London, EC1A 2AY and its registered number is 07435569.
- 2.5 The Special Administrators' proposals were approved without modification by a meeting of the Company's clients and creditors held on 8 April 2015

### **3 Progress of the Special Administration**

#### *Objectives and strategy of the Special Administration*

- 3.1 In accordance with SAR, the Special Administrators have three objectives ("the Objectives") although the order in which they appear does not indicate a hierarchy of priority between them:
- 1) to ensure the return of client assets as soon as is reasonably practicable;

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- 2) to ensure timely engagement with market infrastructure bodies and the authorities;
- 3) to either—
  - a) rescue the investment bank as a going concern, or
  - b) wind it up in the best interests of the creditors.

3.2 As all of the open positions had been closed out and the Company had ceased trading on or before 26 January 2015, it is not possible to rescue the Company as a going concern and Objective 3) a) is incapable of being achieved.

3.3 Consequently, we are continuing to pursue Objective 3)b) to wind up the Company in the best interests of the creditors, in addition to pursuing Objectives 1) and 2).

### *Receipts and payments account and VAT*

3.4 Attached at Appendix A is our Receipts and Payments Account for the period 9 February 2015 to 8 August 2015 inclusive. Our comments on the major items are set out in the report below.

3.5 Expenses paid in the Special Administration are shown net of VAT, the cumulative amounts of VAT paid is shown as VAT receivable. However, whilst the Company was registered for VAT at the date of the Special Administration, given the nature of the Company's business, it is unclear to what extent we will be able to recover this amount. Ordinarily, we would expect the Company to have agreed a partial exemption recovery rate with HM Revenue & Customs ("HMR&C") during the period of its trading but this appears not to have been the case.

3.6 We are reviewing this matter further and communicating with HMR&C so as to resolve this. We will update clients and creditors on progress on this issue as and when we are able.

### *Cash held by the Company*

3.7 All funds known to be held by the Company in accounts at Barclays (London), ANZ (Australia), i-Account (Hong Kong), Mitsubishi Bank (Japan) and Coutts Bank (London) have now been successfully recovered and transferred to accounts controlled by the Special Administrators. Total cash realisations from the Company's Bank accounts amount to GBP equivalent of £4,606,983.23.

3.8 In order to recover the funds from Mitsubishi Bank, it was necessary to instruct a firm of solicitors based in Japan to assist us in liaising with Mitsubishi bank and to ensure that our appointment and authority over the funds was recognised locally.

3.9 The funds held by the Special Administrators are in a combination of interest bearing accounts and short term money market accounts as appropriate and dependent upon the relevant currencies.

3.10 Funds, other than those held in the Operating Funds accounts, will remain in the currencies in which the Company held them until we have determined the extent of the funds that constitute "client money" in accordance with FCA CASS rules ("Pooled Funds"). Following our determination of the extent of the client money, as set out in our Proposals, any client money will be held in an account or accounts in an appropriate currency until distributed to the respective clients and any funds that do not constitute client money, shall be converted to sterling and treated in the same way as the Company's Operating Funds.

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3.11 The majority of monies held in the Company's Operating Funds accounts have been converted from USD (\$) into GBP (£), with a small balance held in USD (\$) to settle any costs that may be incurred in relation to in the U.S.

### *Other assets*

3.12 As per the Statement of Affairs, the Company does not have any realisable physical assets.

### *Identification of the Pooled Funds and adjudication of client money claims*

3.13 As part of our intention to pursue Objective 1 under Regulation 10 of SAR and in order to seek to establish as swiftly as possible the full extent of client money claims under FCA CASS rules ("Client Money Claims") clients and creditors were asked to provide:

- a) A completed client claim form;
- b) Details of the extent of the outstanding amount due to them as at the date of the Special Administration order;
- c) Details of funds transferred to, held with and/or received from the Company and the trading activity undertaken via their account with the Company (as obtained from the Boston Prime back office system);
- d) All documentation that represents the full extent of the contractual terms of trading between the client and the Company, including 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
- e) Any other documents that they believe are relevant to either the quantum or nature of their claim.

3.14 A summary of the information that we have received (as at 8 August 2015) is as set out below:

Amount of claim documentation submitted	Full	Some	None	Total clients
No. of clients	59	29	31	119
<i>Source: Special Administrators' records</i>				

3.15 As can be seen, a significant proportion of those parties that had client relationships with the Company have either not or only partially provided the required documentation. From the documentation we have received to date, the statements from Mr Popescu (the Company's sole Director), the Client Money Asset Returns ("CMAR") submitted by the Company to the FCA and the Company's FCA permissions (which only allowed it to trade with Professional clients), our current understanding is that only two of the clients have a valid Client Money Claim, and that all of the Company's clients were professional clients.

3.16 We have obtained preliminary advice from our lawyers CMS Cameron McKenna LLP ("CMS") and Counsel on the issues that determine the scope of the Pooled Funds and Client Money Claims. This preliminary advice included confirmation that the statutory bar date under SAR applies to client assets other than client money and there is no bar date mechanism under SAR for the distribution of client money.

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- 3.17 To ensure we have a clear understanding of the position of the Company both in respect of monies held as client monies under FCA CASS rules and the position of the Company as regards purported retail clients, we have continued reviewing documentation submitted by clients and gathered as much information as is reasonably available (given current information limitations previously referred to) including downloading appropriate information from the Boston Prime back office systems. We have had telephone conversations with a number of individuals previously employed by the Company and who were registered individuals (“approved persons”) with the FCA, including, among others, the Company’s former FCA CASS oversight officers. They have provided insight on a number of matters in respect of how the Company traded with its clients.
- 3.18 Following discussions with Counsel and CMS in respect of the additional information (see 2.14) gathered in order to make the application for a bar date the Special Administrators believe that they are now in a position where, subject to the ongoing dialogue with the FCA referred to below, it would be appropriate to apply to Court.
- 3.19 The application to Court for the bar date order and the order itself have been substantially drafted by CMS which. Amongst other things, it sets out the procedure that will be followed for the purpose of receiving, adjudicating on and dealing with any disagreements in relation to, claims to a distribution entitlement to the Pooled Funds and the mechanism by which payments of the distribution entitlements will be made (collectively “the Client Money Distribution Procedure”).
- 3.20 We are also in dialogue with the FCA with a view to establishing whether (as is the case in previous special administrations involving client money) they will require and/or be minded to grant a modification of the CASS client money distribution rules in parallel with the Court application, or otherwise to formally indicate their support for the bar date to the Court. Once the FCA have clarified their position on the application, and any ensuing actions have been completed, the Special Administrators anticipate being able to seek the final comments and agreement from Counsel to the terms of the bar date application and issue it at Court.

### *Overview of the Client Money Distribution Procedure*

- 3.21 In the event of the Court order being granted, the Special Administrators shall give notice to all clients (of whom they are aware) that they propose to make a distribution. This notice shall set out a fixed time within which a distribution is to be made and shall specify a date (“the last date for proving”) up to which client money claims may be lodged. During this period, and immediately after the last date for proving, the Special Administrators shall admit or reject (in whole or in part) client money claims that have been submitted and/or provide for them as they see fit.
- 3.22 The Special Administrators will not have to deal with client money claims received after the last date for proving and should the Special Administrators reject a Client Money Claim, in whole or in part, they shall prepare a written statement of reasons for doing so and send it to the relevant claimant. If the claimant is dissatisfied with the Special Administrators’ decision with respect to their Client Money Claim, they may apply to Court for the decision to be reversed or varied within 21 days of having received the notice of rejection.

### *Allocation of costs*

- 3.23 Rule 135 of The Investment Bank Special Administration (England & Wales) Rules 2011 and the FCA CASS rules both require the costs incurred in the Special Administration in the achievement of Objective 1 and thus which enable client funds to be distributed to be paid from those funds.

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- 3.24 Given that our work in relation to the identification of Client Money Claims and Pooled Funds continues, we are not as yet in a position to allocate the costs in relation to Objective 1 etc. to the relevant funds. We anticipate being able to do that once a Client Money Distribution Procedure is in place and prior to a distribution of those funds to client money claimants.
- 3.25 In the meantime, costs incurred have been discharged from the Operating Funds, albeit that relevant amounts will be reallocated from the Pooled Funds prior to a distribution of those funds to client money claimants.

### **4 Assets still to be realised**

#### *Debtors*

- 4.1 As stated in the Statement of Affairs, debtors (i.e. debit balances on clients' accounts) are estimated to have a book value totalling a GBP equivalent of £2,194,248.
- 4.2 An analysis of the transactions to which many of these debit balances relate has been undertaken and in order to clarify the nature of these transactions and given the comments in our proposals in relation to the limited information held by the Company, we have requested information from Boston Technologies (as the technology provider to the Company and the clients under the terms of their agreements) and George Popescu (who was formally Chief Technology Officer of Boston Technologies). Some of the information requested has been received and we expect to receive additional information from these sources soon.
- 4.3 We have written to each of the Company's clients with debit balances on their accounts requesting repayment of the outstanding debit balances in accordance with the terms and conditions of trading between the Company and the relevant client.
- 4.4 Our work in relation to these debit balances continues and we will provide further information to clients and creditors as soon as we are able.

#### *Liquidity providers*

- 4.5 The Statement of Affairs showed an amount due from a liquidity provider, FXCM, of c£14,945. We have received account and transaction information from FXCM which suggests that there is no amount due to the Company and we are seeking to reconcile this difference.

### **5 Investigations**

- 5.1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Company's Director and former Directors of the Company to the Department for Business Innovation & Skills ("BIS"). As this is a confidential report, I am not able to disclose the contents.
- 5.2 In the period following our appointment, we have made an initial assessment of whether there could be any matters relevant to how the deficit in client monies has arisen that may lead to recoveries for the estate and, consequently, what further investigations may be appropriate. This assessment took into account information provided by clients and creditors, the Company's various bankers, the Director and former Directors together with former employees of the Company.
- 5.3 Our enquiries and information gathering in relation to these matters is ongoing and we are not at this stage able to provide further details to clients and creditors as this may adversely affect any potential realisations.
- 5.4 We will provide further information to clients and creditors as soon as we are able.

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### 6 Pre-Special Administration costs

- 6.1 On 6 May 2015 the following amounts in respect of pre-Special Administration costs were approved by the Creditors' Committee, as had previously been set out in the Special Administrators' Proposals;

Charged by	Services provided	Total amount charged £
Rollings Oliver LLP	Advice and assistance in relation to the application for the Order	£42,109.00
Rollings Oliver LLP	Category 2 disbursements (Printing)	£96.75
Rollings Oliver LLP	Category 1 disbursements (Company searches)	£4.00
CMS Cameron McKenna LLP	Legal services in relation to the application for the Order.	£47,867.50
South Square Chambers	Legal services in relation to the application for the Order	£11,208.00

- 6.2 These amounts have now been paid.

### 7 Special Administrators' costs

#### *Remuneration*

- 7.1 The basis of the Special Administrators' remuneration has been fixed by resolution of the creditors' committee by reference to the time properly spent by them and their staff in attending to matters arising in the Special Administration.
- 7.2 Our time costs for the period from 9 February 2015 to 8 August 2015 are £313,075. This represents 1,171 hours at an average rate of £267.36 per hour. Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by the Joint Special Administrators and their staff in managing the Special Administration.
- 7.3 At the meeting of the Creditors' Committee on 6 May 2015, the following resolution was passed in relation to our remuneration in respect of time incurred for the period 9 February 2015 to 30 April 2015;

*"That the Special Administrators remuneration in respect of the value of their time incurred in attending to matters arising from the Special Administration for the period up to and including 30 April 2015 be agreed at £174,598 plus VAT and that they be authorised to draw 50% of this amount from funds available in the general Special Administration estate at this time, with authority to draw the balance to be discussed at the next Committee meeting when further information on the Special Administration and the funds held by the Special Administrators (and to their order) is available."*

- 7.4 The balance of £87,299 (excl. VAT), representing 50% of the time costs incurred for the period 9 February 2015 to 30 April 2015, remains outstanding. Whilst this has been authorised and is payable, the Creditors' Committee have requested that the Special Administrators delay payment of this balance at this time.

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- 7.5 At the meeting of the Creditors' Committee on 10 June 2015, the following resolution was passed in relation to our remuneration in respect of time incurred for the period 1 May 2015 onwards;

*"That the Special Administrators' remuneration for the period from 1 May 2015 onwards be based on their firm's standard charging rates for the time that they incur in attending to matters arising in the Special Administration in place at that time less a discount of 20%, with the balance of the value of the time incurred (at standard charging rates) to be considered by the Committee at a later point in time, once the extent of any additional realisations or potential sources of recovery are known and the likely outcome for clients and creditors in the Special Administration can be more reasonably ascertained."*

- 7.6 From 9 February 2015 to 31 July 2015, £184,742.60 (excl. VAT) plus disbursements of £1,881.92 (excl. VAT) has been drawn on account.

- 7.7 A narrative guide to our time costs has been included at Appendix E and a copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>

- 7.8 Attached as Appendix D is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

### *Category 2 disbursements*

- 7.9 The Creditors' Committee have passed a resolution authorising us to draw our Category 2 disbursements in accordance with the rates referred to in our proposals. A further schedule of these rates is attached at Appendix D.

- 7.10 Since the the date of appointment the following Category 2 disbursements have been drawn:

Category 2 Disbursements	Cost £	VAT £	Total £
Printing and Copying	£1,131.03	£226.21	£1,357.24

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### 8 Expenses incurred in the Special Administration

8.1 The following expenses have been incurred since our appointment as Special Administrators:

Supplier/Service Provider	Nature of expense incurred	Amount incurred to date	Paid to date	Amount Outstanding
Marsh Limited	Statutory Insurance Bond	£4,000.00	£4,000.00	Nil
Jar Designs	IT Services; Maintenance and provision of Special Administration website	£250.00	£250.00	Nil
Urban Network	IT Services; retrieval of data from Company hard drives	£55.00	£55.00	Nil
Cheeswrights	Notarial certification at Chinese Embassy to assist in retrieval of funds held in Hong Kong bank account.	£409.00	£409.00	Nil
Cheeswrights	Legal disbursements	£115.00	£115.00	
CMS Cameron McKenna	Fees in assisting and advising the Special Administrators	£136,941.89	£103,142.39	£33,799.50
CMS Cameron McKenna	Legal disbursements	£25.65	£25.65	Nil
Anderson Mori & Tomotsune	Representation in Japan to assist in retrieval of funds held in Japanese bank account and to liaise with Japanese debtor.	£7,649.72	£7,649.72	Nil
South Square	Fees in assisting and advising the Special Administrators	£17,869.10	£15,669.10	£2,200.00
Mail & Print	Mail & printing of proposals and creditor communications	£878.27	£878.27	Nil
Courts Advertising	Statutory advertising (London Gazette)	£431.50	£431.50	Nil
The Times	Statutory advertising (The Times)	£781.50	£781.50	Nil
Barclays Bank Plc	Bank charges	£27.24	£27.24	Nil
Boston Technologies, powered by Forexware	Access to Boston Prime back office platform	£5,312.08	Nil	£5,312.08
<b>Total</b>		<b>£174,745.95</b>	<b>£133,434.37</b>	<b>£41,311.58</b>

8.2 Details of our rationale for appointing the professional advisers that we are working with on this matter are set out at Appendix C.

### 9 Estimated outcome for creditors

#### Clients

9.1 As referred to in section 2, until such time as we have identified the extent of segregated client claims and monies under FCA CASS rules, we are unable to estimate the return to clients.

9.2 However, based on the Statement of Affairs submitted by the Director, the total anticipated client claims (incorporating claims shown in his statement as either "Trustee Claims" or Customer Claims") are GBP equivalent £11,661,348.

## **Boston Prime Limited - In Special Administration**

9.3 Total realisations to date are GBP equivalent of £4,606,983.23, the difference between the realisations figure and the amount shown to Creditors shows that there is a significant discrepancy between the Company's assets and liabilities, this will impact on clients and creditors' recovery prospects.

9.4 Once the full extent of the segregated client monies and claims and have been identified, we will be in a position to advise clients and creditors more accurately in respect of potential claims.

### *Secured creditors and Prescribed Part*

9.5 There is no registered security giving charges over the assets of the Company. Consequently, the provisions of S176A of the Insolvency Act 1986 in relation to a Prescribed Part will not apply.

### *Preferential creditors*

9.6 As previously stated in the Special Administrators' Proposals, the remaining employees of the Company were made redundant by the Company Director prior to the appointment of the Special Administrators. Notice of the appointment as well as the appropriate documentation to register a claim has been sent to these former employees. At the date of this report, one employee has registered a minimal claim for unpaid holiday pay.

### *Non-preferential unsecured creditors*

9.7 Based on current estimates, the Special Administrators anticipate realising sufficient assets to enable a distribution to be made to unsecured creditors.

9.8 However, given the uncertainty surrounding the value of realisations made from debtors to the Company, the Special Administrators are not in a position to determine the value of any unsecured dividend. Creditors will be provided with guidance on the dividend process and likely values as soon as is reasonably practicable.

## **10 Ending the Special Administration**

9.1 In our proposals we identified that the likely exit route that we will seek to follow from the Special Administration will be either of the following:

- a) to petition the court for a Compulsory Winding Up (Liquidation) of the Company and to appoint the Special Administrators as Liquidators, or
- b) to file notice of the move from Special Administration to dissolution assuming that there are no remaining matters that would need to be dealt with in a Liquidation.

10.2 At this stage we are unable to provide further clarity over which option will be most suitable.

10.3 The Special Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Special Administrator ceasing to have effect.

10.4 As this is a Special Administration under SAR, the provisions of Paragraph 76 of Schedule B1 to the Insolvency Act 1986 which refer to an automatic end of an administration after 12 months do not apply.

## **Boston Prime Limited - In Special Administration**

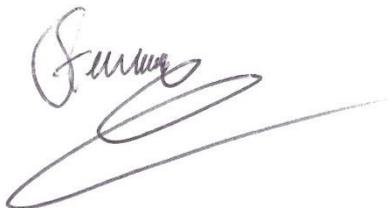
### **11 Creditors' rights**

- 11.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Special Administrators provide further information about their remuneration or expenses (other than pre-Special Administration costs) which have been itemised in this progress report.
- 11.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Special Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Special Administrators, as set out in this progress report, are excessive.

### **12 Next report**

- 12.1 The Special Administrators are required to provide a progress report within one month of the end of the next six months of the Special Administration or earlier if the Special Administration has been finalised.

Yours faithfully  
For Boston Prime Limited

A handwritten signature in black ink, appearing to read 'Steve Butt', with a long, sweeping underline that extends to the right.

**Steve Butt**  
Joint Special Administrator

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

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

## **APPENDIX A**

Receipts and Payments Account for the Period from 9 February 2015 to 8 August 2015, both in native currency and GBP

**Boston Prime Limited - In Special Administration**

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 8 AUGUST 2015 IN POUNDS STERLING**

Statement of Affairs (£)	(£)	USD (£ equiv)	EUR (£ equiv)	AUD (£ equiv)	PLN (£ equiv)	JPY (£ equiv)	ZAR (£ equiv)	Total (£) From 9 February 2015 to 8 August 2015
	<b>ASSET REALISATIONS</b>							
590,896.09	"Client Funds" Accounts	-	597,838.31	-	-	-	-	597,838.31
3,119,739.09	"Customer Funds" Accounts	174,587.26	2,014,287.20	272,069.72	474,742.75	36,366.19	256,246.72	3,228,299.84
770,819.67	"Operating Funds" Accounts	696,884.51	82,323.78	-	-	-	1,205.45	780,413.74
	Interest Received	0.15	172.83	-	258.36	-	-	431.34
14,945.44	Liquidity Provider Trading Account	-	-	-	-	-	-	-
2,194,247.65	Debtors	-	-	-	-	-	-	-
								<b>4,606,983.23</b>
	<b>COSTS OF REALISATIONS</b>							
	IT Suppliers	305.00	-	-	-	-	-	305.00
	Statutory Advertising	1,213.00	-	-	-	-	-	1,213.00
	Stationery & Postage	878.27	-	-	-	-	-	878.27
(4,448.68)	Trade & Expense Creditors	-	-	-	-	-	-	-
	Legal Fees	150,613.50	-	-	-	7,649.72	-	158,263.22
	Legal Disbursements	16,615.14	-	-	-	-	-	16,615.14
(560,896.09)	"Client Funds"	-	-	-	-	-	-	-
(11,070,451.62)	"Customer Funds"	-	-	-	-	-	-	-
	Bank Charges	-	-	-	-	27.24	-	27.24
(182,854.82)	Liquidity Provider Trading Account	-	-	-	-	-	-	-
	Special Administrators' Insurance Bond	4,000.00	-	-	-	-	-	4,000.00
	Special Administrators' Pre Appointment Fees	42,109.00	-	-	-	-	-	42,109.00
	Special Administrators' Post Appointment Fees	141,836.00	-	-	-	-	-	141,836.00
	Special Administrators' Disbursements	1,687.41	-	-	-	-	-	1,687.41
	VAT Receivable	70,890.68	-	-	-	-	-	-
	<b>Total</b>	<b>430,148.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,676.96</b>	<b>-</b>	<b>437,824.96</b>
	<b>DISTRIBUTIONS</b>							
(221,750.00)	Ordinary Shareholders	-	-	-	-	-	-	-
								<b>4,169,158.27</b>
	Notes:							
	Funds, other than those held in the Operating Funds accounts, will remain in the currencies in which the Company held them until we have determined the extent of the funds that constitute "client money" in accordance with FCA CASS rules ("Pooled Funds"). Following our determination of the extent of the client money, as set out in our Proposals, any client money will be held in an account or accounts in an appropriate currency until distributed to the respective clients and any funds that do not constitute client money, shall be converted to sterling and treated in the same way as the Company's Operating Funds .							
	Foreign exchange currency rate used as at 6 March 2015: USD 1.5060; EUR 1.3871; AUD 1.9529; PLN 5.7250; JPY 182.1316.							
	Given the nature of currency fluctuations the GBP rates used are subject to change.							
	All figures are exclusive of VAT. Please refer to the progress report for further information on potential VAT recovery.							

**Boston Prime Limited - In Special Administration**

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 8 AUGUST 2015 IN NATIVE CURRENCY**

Statement of Affairs (£)	(£)	USD	EUR	AUD	PLN	JPY	ZAR
<b>ASSET REALISATIONS</b>							
590,896.09	"Client Funds" Accounts	-	900,344.49	-	-	-	-
3,119,739.09	"Customer Funds" Accounts	174,587.26	3,033,516.52	377,387.91	927,125.11	208,196.47	46,670,626.00
770,819.67	"Operating Funds" Accounts	696,884.51	123,979.62	-	-	-	219,550.00
	Interest Received	0.15	260.28	-	504.56	-	-
14,945.44	Liquidity Provider Trading Account	-	-	-	-	-	-
2,194,247.65	Debtors	-	-	-	-	-	-
	<b>Total Receipts from 9 February 2015 to 8 August 2015</b>	<b>871,471.92</b>	<b>4,058,100.91</b>	<b>377,387.91</b>	<b>927,629.67</b>	<b>208,196.47</b>	<b>46,890,176.00</b>
<b>COSTS OF REALISATIONS</b>							
	IT Suppliers	305.00	-	-	-	-	-
	Statutory Advertising	1,213.00	-	-	-	-	-
	Stationery & Postage	878.27	-	-	-	-	-
(4,448.68)	Trade & Expense Creditors	-	-	-	-	-	-
	Legal Fees	150,613.50	-	-	-	-	1,393,256.00
	Legal Disbursements	16,615.14	-	-	-	-	-
(560,896.09)	"Client Funds"	-	-	-	-	-	-
(11,070,451.62)	"Customer Funds"	-	-	-	-	-	-
	Bank Charges	-	-	-	-	-	4,962.00
(182,854.82)	Liquidity Provider Trading Account	-	-	-	-	-	-
	Special Administrators' Insurance Bond	4,000.00	-	-	-	-	-
	Special Administrators' Pre Appointment Fees	42,109.00	-	-	-	-	-
	Special Administrators' Post Appointment Fees	141,836.00	-	-	-	-	-
	Special Administrators' Disbursements	1,687.41	-	-	-	-	-
	VAT Receivable	70,890.68	-	-	-	-	-
	<b>DISTRIBUTIONS</b>						
(221,750.00)	Ordinary Shareholders	-	-	-	-	-	-
	<b>Total Payments from 9 February 2015 to 8 August 2015</b>	<b>430,148.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,398,218.00</b>
		<b>441,323.92</b>	<b>4,058,100.91</b>	<b>377,387.91</b>	<b>927,629.67</b>	<b>208,196.47</b>	<b>45,491,958.00</b>
	Notes:						
All figures are exclusive of VAT. Please refer to the progress report for further information on potential VAT recovery.							

## **APPENDIX B**

Time Analysis for the period from 9 February 2015 to 8 August 2015

## Time Analysis For the Period 9 February 2015 to 8 August 2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	3.15	9.50	8.30	0.00	20.95	5,129.50	244.84
102 : Appointment	1.00	0.00	0.00	0.00	1.00	420.00	420.00
103 : Background Information	6.40	0.60	5.80	0.00	12.80	3,792.00	296.25
104 : Case Management	5.90	0.30	0.00	0.00	6.20	2,706.50	436.53
105 : Case Planning	26.20	11.80	20.50	0.00	58.50	18,051.50	308.57
106 : Maintanance Of Records	1.40	1.50	3.40	0.00	6.30	1,466.00	232.70
107 : Statutory Reporting	17.20	21.90	49.20	0.00	88.30	20,677.75	234.18
108 : Statutory Compliance	4.75	20.90	10.50	0.00	36.15	8,779.75	242.87
111 : Billing	0.40	0.10	3.30	0.00	3.80	822.00	216.32
112 : Post Appointment Tax	0.30	1.50	1.10	0.00	2.90	684.50	236.03
115 : Meetings	30.25	6.50	23.60	0.00	60.35	18,792.50	311.39
116 : Case Accounting	2.00	1.80	17.30	0.00	21.10	3,491.00	165.45
117 : Bank Reconciliations	0.00	0.40	0.90	0.00	1.30	211.00	162.31
118 : Receipts & Payments	0.00	3.70	1.10	0.00	4.80	1,132.00	235.83
702 : Liaison With Directors	2.55	6.30	0.70	0.00	9.55	2,776.00	290.68
<b>Administration &amp; Planning</b>	<b>101.50</b>	<b>86.80</b>	<b>145.70</b>	<b>0.00</b>	<b>334.00</b>	<b>88,932.00</b>	<b>266.26</b>
600 : Case Specific	59.90	20.80	5.00	0.00	85.70	31,426.75	366.71
<b>Case Specific Matters</b>	<b>59.90</b>	<b>20.80</b>	<b>5.00</b>	<b>0.00</b>	<b>85.70</b>	<b>31,426.75</b>	<b>366.71</b>
316 : Client Monies	59.75	44.70	16.90	0.00	121.35	41,469.00	341.73
317 : Customer Funds	17.45	62.00	59.80	0.00	139.25	31,521.00	226.36
500 : Creditors	26.15	19.80	150.40	0.00	196.35	35,709.50	181.87
505 : Creditors Committee	62.30	66.00	53.00	0.00	181.30	54,885.50	302.73
508 : Employees	0.70	3.60	1.90	0.00	6.20	1,534.00	247.42
510 : Pre Appointment Tax	0.00	1.00	0.40	0.00	1.40	334.00	238.57
<b>Creditors</b>	<b>166.35</b>	<b>197.10</b>	<b>282.40</b>	<b>0.00</b>	<b>645.85</b>	<b>165,453.00</b>	<b>256.18</b>
200 : Investigations	2.70	1.40	10.40	0.00	14.50	3,461.50	238.72
201 : CDDA Reports	3.30	0.00	4.00	0.00	7.30	2,223.50	304.59
<b>Investigations</b>	<b>6.00</b>	<b>1.40</b>	<b>14.40</b>	<b>0.00</b>	<b>21.80</b>	<b>5,685.00</b>	<b>260.78</b>
300 : Realisation Of Assets	6.55	30.20	15.40	0.00	52.15	12,632.75	242.24
302 : Identifying, Securing, Insuring Assets	0.00	0.00	4.90	0.00	4.90	716.00	146.12
303 : Book Debts	7.10	18.80	0.70	0.00	26.60	8,229.50	309.38
<b>Realisation of Assets</b>	<b>13.65</b>	<b>49.00</b>	<b>21.00</b>	<b>0.00</b>	<b>83.65</b>	<b>21,578.25</b>	<b>257.96</b>
<b>Total Hours</b>	<b>347.40</b>	<b>355.10</b>	<b>468.50</b>	<b>0.00</b>	<b>1,171.00</b>	<b>313,075.00</b>	<b>267.36</b>

## **APPENDIX C**

Additional information in relation to Special  
Administrators' fees pursuant to Statement of Insolvency  
Practice 9

**Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9**

**1 Policy**

Detailed below is Rollings Oliver LLP's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements

**1.1 Staff Allocation and the use of Sub-contractors**

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and another senior professional. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We are not proposing to utilise the services of any sub-contractors in this case.

**1.2 Professional Advisors**

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
CMS Mckenna (legal advice)	Hourly rate and disbursements
Anderson Mori & Tomotsune (legal advice)	Hourly rate and disbursements (up to a capped fee)

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

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### 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

On this case the following Category 2 disbursements have been incurred since appointment:

Type and purpose	£
Printing and Copying	1,131.03

## 2 Charge-out Rates

A schedule of Rollings Oliver LLP charge-out rates for this assignment effective from 1 April 2014 and 1 April 2015 is detailed below.

Staff Grade	2015/6 Per hour (£)
Partner	445
Director	350
Manager	270
Associate	120-190

Please note that this firm records its time in minimum units of 6 minutes

## **APPENDIX D**

Narrative guide to activities undertaken by the Special Administrators

## NARRATIVE GUIDE TO ACTIVITIES UNDERTAKEN BY THE SPECIAL ADMINISTRATORS

From 9 February 2015 to 8 August 2015

Analysis Code	Description	Narrative
<b>Administration and planning</b>		
100	Administration & Planning	<ul style="list-style-type: none"> <li>• Complying with internal case management procedures; filing, status checklists, IPS administration, recording and analysing time incurred by the Special Administrators and their staff, maintaining/completing IP records</li> <li>• Preparation for internal and external meetings, including document production and review</li> </ul>
102	Appointment	<ul style="list-style-type: none"> <li>• Attending Court hearing</li> </ul>
103	Background Information	<ul style="list-style-type: none"> <li>• Retrieval of accounts and filings from Companies House and 3rd party Credit Search engines.</li> <li>• Requesting, printing, reviewing information provided by Director and 3rd parties.</li> <li>• Collating information relating to the Company prior to appointment, including details of assets, information relating to licence agreements, relevant online material.</li> </ul>
104	Case Management	<ul style="list-style-type: none"> <li>• Manager and Partner Reviews of Files</li> </ul>
105	Case Planning	<ul style="list-style-type: none"> <li>• Initial formulation and ongoing documentation of strategy to achieve special administration objectives</li> <li>• Consultation and ongoing correspondence with regulatory bodies (FCA and FSCS) to ensure strategy is appropriate</li> <li>• Ongoing consultation with legal advisors to ensure process and strategy are appropriate</li> <li>• Internal staff briefings and discussions relating to the progress of the case</li> <li>• Review of case workstreams to ensure appropriate staff assigned to appropriate tasks</li> <li>• Planning of future tasks necessary to achieve special administration objectives</li> </ul>
106	Maintenance of Records	<ul style="list-style-type: none"> <li>• Maintaining and amending IPS (internal case management system) records</li> </ul>
107	Statutory Reporting	<ul style="list-style-type: none"> <li>• Drafting and amending the initial proposals</li> <li>• Preparation and maintenance of receipts and payments accounts</li> <li>• Drafting and preparing 6 monthly progress report</li> </ul>

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108	Statutory Compliance	<ul style="list-style-type: none"> <li>• Gathering of initial information to enable statutory filing and reporting to be completed, including creditor details, management accounts for Statement of affairs, details of assets/cash at bank</li> <li>• Initial notifications to the Registrar of Companies, Creditors, Shareholders, Directors, Court, FCA and FSCS</li> <li>• Advertisements in London Gazette and additional press as necessary</li> <li>• Review of Statement of Affairs and filing with the Registrar of Companies</li> <li>• Initial statutory bonding and regular checks for adequacy</li> <li>• Ensuring compliance with all relevant regulation and legislation within statutory periods including adherence to The Investment Bank Special Administration Regulations 2011 and (England &amp; Wales) Rules 2011.</li> </ul>
111	Billing	<ul style="list-style-type: none"> <li>• Analysis of Work in Progress</li> </ul>
112	Post Appointment Tax	<ul style="list-style-type: none"> <li>• Initial information gathering relating to the Company's tax position</li> <li>• Correspondence relating to post-appointment VAT, PAYE and Corporation Tax</li> <li>• Initial notification and subsequent communications to/from HM Revenue &amp; Customs</li> <li>• Submission of relevant returns and ensuring all post-appointment liabilities are accounted for</li> </ul>
115	Meetings	<ul style="list-style-type: none"> <li>• Preparation of documents for initial creditors' meeting, agendas</li> </ul>
116	Case Accounting	<ul style="list-style-type: none"> <li>• Initial set-up and ongoing administration of special administration bank accounts</li> <li>• Processing of receipts and payments</li> <li>• Correspondence with banks in respect of holding funds in specific currencies</li> <li>• Correspondence with banks in order to place funds into interest bearing accounts</li> </ul>
117	Bank Reconciliations	<ul style="list-style-type: none"> <li>• Reconciling IPS and bank accounts</li> </ul>
118	Receipts & Payments	<ul style="list-style-type: none"> <li>• Preparing and processing R&amp;P accounts for Creditors' Committee</li> </ul>
702	Liaison With Directors	<ul style="list-style-type: none"> <li>• Email/telephone correspondence with the Director relating to the Company</li> <li>• Information requests from the Director relating to the Company and/or third parties.</li> </ul>

**Case Specific**

600	Case Specific	<ul style="list-style-type: none"> <li>• Correspondence/Emails/Phonecalls regarding retrieval of data from Forexware</li> <li>• Collating information received from Forexware</li> <li>• Legal correspondence regarding retrieval of data from Forexware</li> <li>• Correspondence with legal advisors of BT Prime</li> <li>• Correspondence regarding consideration of need to seek recognition of Special Administration in other jurisdictions.</li> <li>• Review of licencing agreements with Forexware</li> <li>• Investigations and discussions regarding trading data platform, feasibility of data retrieval, and general access to "back office" systems</li> <li>• Correspondence with liquidity providers regarding licenses and data retrieval</li> </ul>
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## Boston Prime Limited - In Special Administration

### Creditors

316	Client Monies	<ul style="list-style-type: none"> <li>• Correspondence relating to monies covered by FCA CASS rules as detailed in customer terms and conditions</li> <li>• Reconciling segregated client balances with Company records</li> <li>• Establishing the status of monies held by the Company in accordance with FCA CASS rules.</li> <li>• Discussions with Counsel and CMS McKenna in respect of client monies and pooled funds as per FCA CASS rules.</li> </ul>
317	Customer Funds	<ul style="list-style-type: none"> <li>• Collation and review of information on client positions</li> <li>• Review of close out positions</li> <li>• Review of claims information provided by customers</li> <li>• Review of customer terms and conditions</li> </ul>
500	Creditors	<ul style="list-style-type: none"> <li>• Initial notifications to Creditors</li> <li>• Creation of web portal to provide general creditor information</li> <li>• Creation of documentation to be uploaded to web portal</li> <li>• Investigation work to establish accurate creditor postal and email addresses</li> <li>• Responses to general creditor queries to boston.prime@rollingsoliver.com</li> <li>• Administration of web portal and boston.prime@rollingsoliver.com</li> <li>• Preparation of documentation and venue for initial creditors' meeting</li> <li>• Collating information from clients and creditors in anticipation of adjudicating claims and future distributions</li> <li>• Processing and recording client and creditor claims in accordance with internal requirements</li> </ul>
505	Creditors Committee	<ul style="list-style-type: none"> <li>• Correspondence with Creditors' Committee</li> <li>• Attendance at Creditors Committee meeting</li> <li>• Preparation of documentation for Committee meeting</li> </ul>
508	Employees	<ul style="list-style-type: none"> <li>• Correspondence with former employees of the Company</li> <li>• Answering queries regarding the status of the Company and their employment</li> <li>• Managing employee claims in relation to potential arrears of pay, redundancy, holiday pay, PILON etc</li> </ul>
510	Pre Appointment Tax	<ul style="list-style-type: none"> <li>• Liasing with pre-appointment accountants to establish tax position of Company</li> <li>• Reconciliation of pre-appointment HMRC claims</li> <li>• Gathering information from HMRC relating to outstanding balances due for pre-appointment tax periods</li> <li>• Filing any returns due for pre-appointment period</li> </ul>

### Investigations

200	Investigations	<ul style="list-style-type: none"> <li>• Correspondence with Director and former directors regarding obligations to file CDDA report</li> <li>• Review of information provided by Director and former directors</li> <li>• Investigatory work required for the completion of CDDA reports</li> </ul>
201	CDDA Reports	<ul style="list-style-type: none"> <li>• Drafting and filing of CDDA report</li> </ul>

## Boston Prime Limited - In Special Administration

### Realisation of Assets

300	Realisation Of Assets	<ul style="list-style-type: none"><li>• Initial correspondence notifying banks of special administration and requirement to freeze all funds</li><li>• Correspondence with banks to retrieve funds held by the Company</li><li>• Reconciling funds received to funds believed to be held</li><li>• Legal correspondence to retrieve funds from Japanese bank</li></ul>
302	Identifying, Securing, Insuring Assets	<ul style="list-style-type: none"><li>• Initial notification to insurers to provide open cover</li><li>• Review of Company's previous insurance provisions</li><li>• Ongoing correspondence with insurers regarding potential insurance for Company assets</li></ul>
303	Book Debts	<ul style="list-style-type: none"><li>• Initial notification to debtors of the special administration</li><li>• Investigation into nature of relationship with Company</li><li>• Reconciling Company records with debtor records</li><li>• Legal correspondence regarding debtors</li><li>• Correspondence relating to retrieval of balances due from debtors</li><li>• Reconciliation of received funds with Company records</li><li>• Consultation with legal advisers in respect of potential future litigation against third parties</li></ul>