

Boston Prime Limited – In Special Administration (“the Company”)

Acting by Michael David Rollings & Steven Edward Butt of Rollings Oliver LLP
(the "Joint Special Administrators")

Frequently Asked Questions

1. What is a Special Administration?

The Investment Bank Special Administration Regulations 2011 were introduced to improve the ability to cope with investment bank failure. The process is intended to facilitate a faster return of client assets by giving the appointed Special Administrators powers which recognise the unique nature of investment banks.

In many respects Special Administration is very similar to an ordinary administration and is subject to the supervision of the High Court in London. However, some of the differences are set out below:

A) The Joint Special Administrators have to pursue three objectives (although the order in which they appear does not indicate a hierarchy of priority between them):

- To ensure the return of client assets as soon as is reasonably practicable;
- To engage with market bodies and regulators both here and abroad in a timely fashion; and
- To rescue the investment bank as a going concern or to wind it up in the best interests of the creditors.

B) Where client money is held in segregated client money bank accounts and where there are sufficient funds to repay all eligible clients in full this money will be returned to clients. One of the immediate priorities of the Joint Special Administrators will be to establish the claims against the segregated client money bank accounts. As in an ordinary Administration, where sufficient realisations are made to enable dividends to be paid, the Joint Special Administrators will notify creditors accordingly, who in turn will be required to submit proofs of debt and evidence their claims.

C) A creditors' committee may be established to assist the Joint Special Administrators to fulfil their functions. Membership may include both creditors and clients with claims against the segregated client funds only. In the event of creditors wishing to form a committee (limited to between 3 and 5 members), this would be organised at the initial meeting of creditors, which is to be held as soon as is reasonably practicable and, in any event (absent an order of the Court extending time), within 10 weeks of the date on which the Company went into Special Administration.

- D) The costs and expenses of dealing with and distributing client assets (which include client monies) are paid out of client assets. Other costs and expenses are paid out of the firm's assets.

2. Why has the Company entered special administration?

A statement was displayed on the Company's website (www.bostonprimefx.com) with effect from 26th January 2015 ("the Statement") which advised that the Company had "*disabled all trading services as a result of negative balances following SNB announcement on January 15, 2015. Boston Prime has reported the current financial insolvency to the FCA (the Financial Conduct Authority)*".

Following this and communications with the FCA, an application was made to the FCA to vary its current permissions under Part 4A of the Financial Services and Markets Act 2000, following the acceptance of which, the Company was unable to trade and the Company's bank accounts were, in effect frozen.

As a consequence of this, it was necessary for the Company to seek the protection of an insolvency process. An application was made to the High Court in London for a Special Administration order on Monday 9th February 2015 and the Special Administration Order was made that day.

3. Can I still trade through my account with the Company?

The Statement referred to all trading services having been disabled with effect from the date the Statement was first displayed, being 26th January 2015. Consequently, clients can no longer trade through their accounts with the Company.

4. Does the Company trade under any names other than Boston Prime?

From information currently available the Company does not directly trade under any other names.

5. What are the differences between a Retail Client and a Professional Client?

The classification of the claim will depend primarily on the account documentation established between the Company and the individual client, and the client categorisation agreed between the Company and the individual client.

Professional clients are individuals or entities who are deemed to possess the knowledge and experience, and have the expertise to make their own investment decisions and understand

the risks relating to those decisions. These clients are provided with less protection by the Financial Conduct Authority ("FCA") than retail clients. Professional clients' funds may be non-segregated, such that they have an unsecured creditor claim against the non-client funds of the Company.

Retail clients are generally private individuals who hold personal trading accounts with the Company. These clients are provided with greater protection by the FCA and generally will have a segregated claim against the client money pool.

Depending on their circumstances, both professional clients and retail clients could have a claim for compensation by the UK's Financial Services Compensation Scheme ("FSCS"). The Special Administrators cannot confirm to clients whether they have a valid claim for FSCS compensation.

Questions 6 to 11 apply to Retail Clients

On present information it appears that the majority of the Company's clients were Professional Clients and not Retail Clients. As such the majority of clients are not affected by the following section.

6. What does it mean if I have open positions/ cash balance as a Retail Client?

Clients with open positions had their positions closed by the Company on Monday 26 January 2015.

7. Can my funds be returned as they were held in a segregated account?

The Company's client money was held in segregated omnibus accounts at banks or clearing houses and money held in those accounts was designated as client money. In the event of insolvency, the FCA's client money rules require these segregated accounts to be pooled together. Any segregated clients are entitled to a share of the pool on a pro - rated basis.

However, until all claims against the pool are received, agreed and aggregated, money cannot be returned to individual clients.

8. Does the Company have a deficit on client money?

From the information currently available to the Joint Special Administrators, it is not possible to establish whether the Company has a deficit on client money.

The Joint Special Administrators will report any deficit on client money as soon as the relevant information has been received and requisite accounts have been reconciled. This is a priority for the Joint Special Administrators.

9. How will I know what is due to be paid to me?

Once the Joint Special Administrators have reconciled the relevant accounts, they will provide each client with a statement of their account. This will enable the Joint Special Administrators to establish the value of any claim and to advise the classification of the claim. On receipt, the client will be asked to confirm the amount of their claim, and if they dispute the amount further information will be provided.

10. Can I make a claim to the FSCS for amounts owed to me by the Company?

If retail clients do not receive the total amount of funds that they are due from the Company, those retail clients may be able to make a claim to the FSCS, which is a compensation fund for customers of authorised financial services firms who suffer insolvency. The FSCS can pay up to £50,000 per person, per authorised firm. If claims are paid by the FSCS, the FSCS may assume part or all of the client's claim against the Company.

The Joint Special Administrators cannot confirm to clients whether they have a valid claim for FSCS compensation. In order to establish whether this is the case you may choose to take independent legal advice, contact the FSCS or refer to the FSCS's website at <http://www.fscs.org.uk>.

11. What if I owe money to the Company?

The Joint Special Administrators' will request that you pay any money that is owed to the Company. Accordingly the Joint Special Administrators will be in touch to request payment of these monies and to provide account details for the payment.

Questions 12 to 16 apply to Professional Clients

12. Do I have a claim in the client money pool?

Depending on the exact terms of your agreement with the Company, as a professional client you may not have a claim against the client money pool. However, you may have a claim against the other assets of the Company. The Joint Special Administrators are currently seeking the relevant information that will enable them to clarify whether that this is the position and will update the FAQ's as and when further information becomes available.

13. As a professional client, what if I have open positions/ cash balance?

Clients with open positions had their positions closed on Monday 26 January 2015.

14. How will I know what is due to be paid to me?

Once the Joint Special Administrators have reconciled the relevant accounts, they will provide each client with a statement of their account. This will enable the Joint Special Administrators to establish the value of any claim and will also advise of the classification of the claim. On receipt the client will be asked to confirm the amount of their claim, and if they dispute the amount further information will be provided.

15. Can I make a claim to the FSCS for amounts owed to me by the Company?

As set out in answer to Question 5 above, professional clients may (depending on their status and circumstances) be able to make a claim to the FSCS. As for eligible retail clients, the FSCS can pay up to £50,000 per person, per authorised firm. If claims are paid by the FSCS, the FSCS may assume part or all of the client's claim against the Company.

However, the Joint Special Administrators cannot confirm to clients whether they have a valid claim for FSCS compensation. In order to establish whether this is the case you may choose to take independent legal advice, contact the FSCS or refer to the FSCS's website at <http://www.fscs.org.uk>.

16. What if I owe money to the Company?

The Joint Special Administrators' will request that you pay any money that is owed to the Company. Accordingly the Joint Special Administrators will be in touch to request payment of these monies and to provide account details for the payment.

Questions 17 to 18 apply to Creditors and Suppliers

17. What should I do regarding my outstanding balance if I am a creditor of the Company?

Shortly, the Joint Special Administrators will write to you regarding outstanding balances and ongoing supplies.

18. In the event that I have further enquiries who do I contact?

In order to provide you with information in relation to the Special Administration process and answer your queries as quickly as possible, the Joint Special Administrators have set up this

dedicated webpage <http://www.rollingsoliver.com/bostonprime/> as well as a dedicated email address boston.prime@rollingsoliver.com to receive all emails from clients in relation to their claims. Emails will be responded to as soon as possible, however please allow 48 hours for a response to be received.

Clients and creditors will be provided with a password to access documentation held on the webpage and this information will be updated when further relevant information becomes available. Please be aware that a number of requests are likely to be similar to one another; therefore the most practical and expedient way of answering particular queries will be via webpage updates, using the dedicated webpage detailed above.

Contact Details

Address:

Boston Prime Limited – In Special Administration
C/o Rollings Oliver LLP
6 Snow Hill
London
EC1A 2AY

Telephone:

020 7002 7960

Webpage:

<http://www.rollingsoliver.com/bostonprime/>

Email:

boston.prime@rollingsoliver.com

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 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

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. United Kingdom. EC1A 2AY