

Boston Prime Limited - In Special Administration

Joint Special Administrators' statement of proposals

16 March 2015

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1 Statutory information

- 1.1 The registered number of Boston Prime Limited (“the Company”) is 07435569.
- 1.2 The trading address of the Company was Citypoint Suite 1248, 1 Ropemaker Street, London, EC2Y 9HT. The business traded under the name Boston Prime and ceased trading on or before 26 January 2015.
- 1.3 The registered office of the Company has been changed from Citypoint Suite 1248, 1 Ropemaker Street, London, EC2Y 9HT to c/o Rollings Oliver LLP, 6 Snow Hill, London, EC1A 2AY.
- 1.4 Details of the Company's director, former directors and former secretary (within the last three years) are as follows:

	Date appointed	Date resigned	Shares held
Director(s)			
George Alex Popescu	10 November 2010	-	Nil
Mitchell Max Eaglstein	1 July 2013	7 May 2014	Nil
David Leslie Hastings	26 August 2011	7 January 2013	Nil
Kevin Millien	10 November 2010	19 July 2013	Nil
Secretary			
Elizabeth Marie Standow	23 April 2013	10 October 2014	Nil

- 1.5 The Company is 100% owned by a Belize entity, BT Trading Limited (“BT Trading”). BT Trading is a holding company which carries out no substantive business activity in its own right and is not regulated.
- 1.6 BT Trading also has a 100% shareholding in BT Prime Limited (“BT Prime”) a Bermuda based prime brokerage company which is also unregulated.
- 1.7 There are no outstanding charges or other security registered against the Company.

2 Background to the Special Administration

Company background

- 2.1 The Company was incorporated in November 2010 to provide prime brokerage services for professional clients with particular focus on foreign exchange, contracts for difference (“CFD”) and precious metals.
- 2.2 It was regulated by the Financial Conduct Authority (“FCA”) in the UK to perform the following functions:
 - agreeing to carry on a regulated activity;

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- arranging (bringing about) deals in investments;
 - arranging, safeguarding and administration of assets;
 - dealing in investments as agent;
 - dealing in investments as principal; and
 - making arrangements with a view to transactions in investments.
- 2.3 Despite being a UK regulated entity, the majority of the necessary operational and support functions to enable the Company to trade were undertaken by Boston Technologies LLC (“Boston Technologies”), an unregulated Corporation registered in Delaware which provides software, services and trading platforms to institutional and retail brokerage firms specialising in foreign exchange. These key functions were undertaken by Boston Technologies under the terms of a licence agreement dated 9 February 2011 (“the Licence”).
- 2.4 Certain business development and “on-boarding” activities (essentially the agreement to, and creation/administration of customer accounts) were undertaken by direct employees of the Company based at its office in London.
- 2.5 On 14 June 2014, a multinational group of companies including Forexware LLC, a Delaware registered company, and Forexware Malta Holdings Limited, a Maltese registered company (collectively known as “Forexware”), entered into an agreement to purchase all of the assets of Boston Technologies (the “Original Purchase”). As a result of this, and given the extent to which both the Company and BT Prime Limited (collectively “the Prime Companies”) outsourced their trading and operating functions to Boston Technologies, Forexware effectively acquired practically everything that allowed the Prime Companies to operate, including employees, technology and goodwill.
- 2.6 On 11 July 2014, the terms of the Original Purchase were amended and restated, and Forexware agreed to also purchase the shares in the Prime Companies held by BT Trading (“Subsequent Purchase”). Certain sale pre-conditions needed to be met before the Subsequent Purchase could complete. At this time, it was expected that these conditions would be met within a few months.
- 2.7 Pending resolution of the sale pre-conditions, Forexware effectively took over the day to day management of the Prime Companies. However, as at the date that the Special Administration order was made by the High Court (9 February 2015), the pre-conditions for the Subsequent Purchase had not been met and the sale of the shares held in the Prime Companies by BT Trading could not complete.

Cessation of trading and appointment of Special Administrators

- 2.8 A statement was displayed on the Company’s website (www.bostonprimefx.com) on 26 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)”.*
- 2.9 Following the cessation of trading, Mr Popescu the director of the Company who was based in Boston, Massachusetts (“the Director”) took the decision to terminate the employment contracts of the Company’s two London-based employees and to vacate the Company’s London office.
- 2.10 Having already notified the FCA of the state of the Company’s affairs, the Director sought legal advice on behalf of the Company in respect of his duties and responsibilities as a director of

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the Company and the options open to him. As a consequence of this, he contacted Rollings Oliver LLP on 27 January 2015 and engaged them (in conjunction with CMS Cameron McKenna LLP as legal advisers) to assist him in connection with an application to court for a Special Administration Order.

- 2.11 Following their engagement by the Company, Rollings Oliver LLP and CMS Cameron McKenna LLP opened a dialogue with the FCA in respect of their discussions with the Company. Simultaneously, and in order to protect the position of clients, the Director made an application to the FCA on behalf of the Company to vary its current permissions under Part 4A of the Financial Services and Markets Act 2000 under the terms of which the Company was:
- effectively prohibited from carrying on regulated activities, and
 - effectively prohibited from dealing with client money (without the consent of the FCA), and
 - required not to dispose of, deal with or act in any way that would diminish the value of its assets without the prior written consent of the FCA.
- 2.12 This variation of permissions was accepted by the FCA on 30 January 2015.
- 2.13 Following ongoing further discussions with the Director and the FCA, as well as the collation of such information regarding the financial position of the Company that the Director was able to obtain from Forexware, an application was made to the High Court in London by the Director on 9 February 2015 for a Special Administration Order (“the Order”). Details of the work undertaken by Rollings Oliver LLP and CMS Cameron McKenna LLP in assisting the Company in making this application were disclosed to the Court as part of the application.
- 2.14 The FCA raised no objection to the application for the Order being heard as soon as reasonably practicable and chose not to exercise their right to be heard at the hearing.
- 2.15 The Order was made on 9 February 2015 at 2.45pm, as a consequence of which, Michael David Rollings and Steven Edward Butt of Rollings Oliver LLP, 6 Snow Hill, London, EC1A 2AY (“the Special Administrators”), licensed insolvency practitioners, were appointed as Joint Special Administrators of the Company. In accordance with the provisions of paragraph 100 of Schedule B1 to the Insolvency Act 1986, the Special Administrators act jointly and severally in the Special Administration.
- 2.16 Prior to Rollings Oliver LLP being contacted by the Company on 27 January 2015, neither Rollings Oliver LLP or the Special Administrators had any prior professional relationship with the Company or the Director and we do not believe that the work undertaken by us prior to the Order being made has resulted in any relationship which may create either a conflict of interest or a threat to the fundamental principles set out in the Insolvency Code of Ethics which would preclude us from acting as Special Administrators.
- 2.17 The Special Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 1051 of 2015.
- 2.18 The EC Regulation on Insolvency Proceedings 2000 (“the Regulation”) does not apply to the Special Administration. The proceedings are not main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 Special Administration objectives, management of the Company and progress to date

Objectives of the Special Administration

3.1 In accordance with The Investment Bank Special Administration Regulations 2011 (“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;
- 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 pursuing Objective 3)b) to wind up the Company in the best interests of the creditors, in addition to pursuing Objectives 1) and 2), subject to the agreement of these proposals.

3.4 In accordance with FCA Client Asset Sourcebook (“FCA CASS”) rules, the appointment of Special Administrators is a “pooling event” the effect of which is that funds held in segregated client money accounts together with any of the Company’s client funds held in omnibus accounts are “pooled”. Clients who are entitled to be treated as segregated clients in accordance with FCA CASS rules will be entitled to a pro-rated share of the pooled funds.

3.5 Consequently, before the pro-rated distribution can be made, it is necessary to identify all of the clients that are entitled as segregated clients in accordance with the FCA CASS rules and reconcile the amounts due to them and thus the total value of the segregated client claims.

Management of the Company

Client claims

3.6 As referred to in section 2.5 above, the majority of the operational and support functions necessary for the Company to trade were undertaken by Forexware under the terms of the Licence. This included, but was not limited to, management of trading platforms and client and liquidity provider accounts.

3.7 Consequently, most of the Company’s relevant accounting and client transaction data, and information which would enable clients’ accounts to be reconciled and validated is not held by the Company but by Forexware. Unusually therefore in this instance, the Special Administrators do not have control of the books and records of the Company nor do they have access to any employees of the Company or others involved in conducting the Company’s business that are in the same jurisdiction.

3.8 The rights and powers available to the Special Administrators under SAR, The Special Administration (England & Wales) Rules 2011 and the Insolvency Act and Rules 1986 enable them to require that any person holding books, papers or records to which the Company appears to be entitled deliver them up to them.

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- 3.9 We requested access to the Company's information immediately following our appointment. We are advised that a significant proportion of the information to which the Company is entitled is held in a format which means that it cannot be readily extracted without potentially being intermingled with information that is held for other parties (BT Prime Limited and others), and/or cannot be identified or extracted without significant additional work being undertaken by Forexware.
- 3.10 Whilst we are mindful of the rights and powers referred to in section 3.8 above, our immediate priority is to be able to obtain access to the information that will enable us to reconcile the client positions and ascertain the nature and extent of the segregated client claims as expeditiously as possible and so that a distribution of segregated client monies can be achieved without undue delay.
- 3.11 To this end, we have therefore reached a commercial agreement with Forexware under the terms of which we will make payments to them in relation to the marginal costs that they may incur in providing information that we need in order to be able carry out our duties as Special Administrators, as well as giving us access to the Boston Prime back office system that was operated by Boston Technologies.
- 3.12 In order to assist in the reconciliation of client accounts and to understand the extent of the segregated client claims, we also have asked clients to provide details of the amount(s) owed to them at the date of the Order, together with full supporting documentation, including copies of the terms and conditions between the Company and the relevant client as well as relevant deposit and client trading activities.
- 3.13 Part 4 of the Rules provides for costs incurred in relation to pursuance of Objective 1) to be paid out of segregated funds. Such costs include the costs incurred by the Special Administrators in dealing with the relevant claims and with the assets that are designated as segregated client monies.
- 3.14 As per Regulation 11 of SAR, the Special Administrators may set a bar date for the submission of claims to monies held in the segregated client accounts in order to expedite the return of client assets. Clients shall be notified of any such bar date by the Special Administrators, and will be given appropriate notice to calculate and prove their claims.
- 3.15 Where there are surplus funds after having discharged the claims made by the segregated clients after having first deducted the costs referred to in section 3.13 above, these funds will be made available for distribution to general creditors. Where there are insufficient funds to discharge the claims made by the segregated clients in full after having first deducted the costs referred to above, segregated clients will be able to participate in a distribution of general assets for any shortfall.
- 3.16 Where there are sufficient general assets net of the costs of the Special Administration to enable a distribution to be made, we will notify creditors accordingly.
- 3.17 Since the date of the Order, we have sought to provide clients and creditors with information in relation to the Special Administration process and to deal with queries as quickly as possible, we have set up a dedicated webpage at <http://www.rollingsoliver.com/bostonprime> as well as a dedicated email address to receive emails from clients in relation to their claims.
- 3.18 The webpage includes a section for information that is available to all stakeholders and interested parties together with a section that includes information intended only for clients and creditors which is password protected. The password for this section has been circulated to the relevant parties.
- 3.19 Given the delays in gaining access to the Company's relevant client records as referred to in section 3.9 above, we have not been able to correspond with clients in relation to individual claims and the status of such claims. Once we have access to the Boston Prime back office

system, we will be able to commence reconciling client accounts and dealing with the claims of clients and/or any parties that claim to have an interest in segregated client monies held under FCA CASS rules.

Progress of the Special Administration to date

Client account receivables and amounts due from liquidity providers.

- 3.20 Once the Special Administrators are able to commence reconciliations of the clients' accounts, we will also be able to reconcile the client accounts that show debit balances as at the date of the Order and which indicate that there are amounts due to the Company.
- 3.21 Where these amounts are identified post reconciliation, we will contact the relevant clients to request payments of these funds.
- 3.22 At the time that the Company ceased trading, we understand that the Company had liquidity provisioning accounts with FXDD Malta Limited (an entity registered in Malta and regulated by the Malta Financial Services Authority), FX Direct Dealer LLC (a Corporation based in New York City) and Forex Capital Markets Limited (a company registered in England and regulated by the FCA in the UK) ("FXCM").
- 3.23 Following our appointment, we have requested details of the Company's trading account with the various liquidity providers and access to the Company' accounts on the liquidity providers platforms. Once we have access to these and further information as regards the Company's own accounts, we will be able to reconcile the Company's positions with the liquidity providers.
- 3.24 Where the reconciliations of liquidity provider positions shows that there are amounts due to the Company, we will contact the relevant liquidity provider and request payment of the relevant amounts.

Trading premises

- 3.25 The Company operated from serviced offices at Citypoint Suite 1248, 1 Ropemaker Street, London, EC2Y 9HT ("the premises"). The Company vacated the premises on 30 January 2015 and notified the serviced office provider. A former employee of the Company assisted in clearing the office of all contents and forwarded these on to the offices of the Special Administrators in anticipation of their appointment.
- 3.26 The serviced office provider has subsequently informed the Special Administrators of their intention to retain the Company's deposit (totalling £3,338) in lieu of outstanding rental payments due to them under the terms of the serviced office agreement. As the value of the serviced office provider's unsecured claim in the special administration is likely to significantly exceed the value of the deposit, it is not expected that this deposit will be recovered. However, the Special Administrators will assess this information in light of any unsecured claim received.

Office equipment

- 3.27 The preliminary review of the items recovered from the trading premises (stationery, marketing materials, low value IT equipment etc) indicates that there is unlikely to be any realisable value (net of anticipated costs of realisations).
- 3.28 We are in the process of forensically interrogating computer equipment that was previously held on the site so as to ascertain the exact nature of the data (if any) held on those machines and to understand the extent to which this data may assist us in achieving the Objectives of the Special Administration.

Employees

- 3.29 Prior to the Order being granted, the Director terminated the employment of the remaining two employees based at the offices in London.
- 3.30 We have contacted these former employees as potential creditors of the Company and any claims arising will be processed in due course. The Special Administrators' have been advised that all employee wages for the period up to and including the date that their employment was brought to an end have been paid in full.
- 3.31 The extent of outstanding Holiday Pay, Redundancy and Notice Pay claims remains to be assessed but we do not anticipate that these will be significant in the context of total creditors' claims in the Special Administration.

Regulatory matters

- 3.32 As the Company's primary activities were in Foreign Exchange, CFD and Precious Metals trading, there is no Market Infrastructure body (as defined under SAR) for the Special Administrators to liaise with.
- 3.33 However, and as referred to in section 2.11 above, following the publication of the Statement and the Company ceasing trading, 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 this application, the Company was left unable to trade, with its bank accounts, in effect, frozen.
- 3.34 As the appropriate regulatory body, the FCA have been kept apprised on the progress of the special administration and security of the client monies held by the Company. The Financial Services Compensation Scheme ("the FSCS") have also been updated on the general progress of the Special Administration as well as the likelihood of claims by retail clients of the Company.

Investigations

- 3.35 As information from the Company's records becomes available and we receive further information from clients and creditors, we are reviewing this information so as to form a view as to whether it would be appropriate to consider any civil proceedings should be taken against the Directors or any other parties, including previous Directors, for the recovery of, or contributions to, the Company's assets.
- 3.36 Creditors are invited to provide information on any concerns regarding the way in which the Company's business has been conducted, and on potential recoveries for the estate. If you have any information, please forward it to the Special Administrators using the contact details in these proposals.

4 Special Administrators' receipts and payments

- 4.1 A summary of receipts and payments for the Special Administration period from the date of the Order to 11 March 2015 is attached as Appendix A.

Asset realisations

Cash held by the Company.

- 4.2 At the date of the Order, the Company held funds in multiple bank accounts in different currencies and jurisdictions. These accounts were categorised by the Company in the following 3 ways:
- “Trustee Money”, and
 - “Customer Funds”, and
 - “Operating Funds”.
- 4.3 We are advised by the Director that the Company’s records indicate that the funds held in the various categories of accounts were considered by the Company in the following way;
- “Trustee Money” accounts included funds held by the Company under terms and conditions that included a trust provision and that these sums represented segregated client money 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 designated as client monies and that therefore these sums did not represent segregated client money bank accounts (as per FCA CASS rules).
 - “Operating Funds” accounts included funds which consisted of funds which the Company used to pay the ongoing overheads and other costs.
- 4.4 We have requested that funds held in these accounts be transferred to accounts set up by and under the exclusive control of the Special Administrators.
- 4.5 An analysis of the balance of the funds that we have received in relation to the various accounts is set out in Appendix A.
- 4.6 The accounts in which we hold these funds “mirror” the status of the accounts in which they were held by the Company as referred to in paragraphs 4.2 above.
- 4.7 There is a balance of funds held in a “Customer Funds” account with Mitsubishi Bank in Tokyo totalling JPY 35,305,468. Mitsubishi Bank have advised that they are unable to recognise the Special Administrators rights to these funds or to forward these funds to us without an order recognising the Special Administration from a court in Japan. We are in the process of seeking advice on this from Japanese Lawyers.
- 4.8 We continue to seek the return of funds from Bank accounts of various categories held in accounts which are in Singapore and Hong Kong.
- 4.9 We have requested each of the Banks that held accounts on behalf of the Company that were designated as either “Trustee Money” accounts or “Customer Funds” accounts for copies of any trust acknowledgement letters that may have been issued.
- 4.10 Funds will remain in the currencies they were held at the date of the Order until such time as we are in a position to determine which of the accounts are client accounts under FCA CASS rules and, consequently, which accounts should be “pooled” for distribution purposes and the clients that would be entitled to a distribution entitlement in relation to these funds.
- 4.11 Once we have ascertained this, we will hold all of the “pooled” funds in a single currency that we consider to be most appropriate.

- 4.12 We are in the process of converting the majority of the “Operating Funds” that we hold into £STG, with a small balance held in US\$ to reflect the costs that we are likely to incur in relation to access to the trading platform and other information as referred to in section 3.11 above and certain other costs.
- 4.13 “Operating Fund” and general estate receipts received in currencies other than £STG will be converted into that currency except where we may need to discharge costs in the appropriate currency.

5 Financial position

- 5.1 Attached at Appendix B is a summary of the Director’s Statement of Affairs of the Company, detailing his understanding of the Company’s financial position as at the date of the Order, from which you will note that the Statement of Affairs shows a significant shortfall, with the Company’s net liabilities currently estimated to be £7,415,162.
- 5.2 Please note that for the purposes of the Statement of Affairs, all assets and liabilities have been converted into £STG at the prevailing rate at the date of the Order.
- 5.3 We set out below our comments on the Statement of Affairs.

Funds held in the Company’s bank accounts

- 5.4 The categorisation of Bank accounts reflected in the Statement of Affairs is as set out in section 4.3 above.
- 5.5 Whilst the Statement of Affairs may indicate that certain clients will have a right to participate in a distribution of funds held in either the “Trustee Monies” accounts or the “Customer Funds”, as set out in section 4.3, we have yet to determine which of the accounts would be client accounts under FCA CASS rules and consequently which of the clients will have a distribution entitlement to the funds held in these accounts and which have been “pooled” under FCA CASS rules.
- 5.6 This is a priority for the Special Administrators.

Other assets

- 5.7 Client debtors (i.e. debit balances on the client accounts) are estimated to have a book value totalling £2,194,248. Given the need for the Special Administrators to reconcile all of the client accounts (both debit and credit balances), at this stage the realisable value is unknown.
- 5.8 In addition, £14,945 is understood to be held by a liquidity provider, FXCM. We are seeking to reconcile the Company’s account with FXCM and thus clarify whether this amount is fairly stated. Consequently, it is unclear at this stage what the realisable value of any amount due from FXCM will be.

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

Client claims

- 5.10 Client claims shown in the Statement of Affairs total £11,661,348.

Preferential creditors

- 5.11 Although the Company's two UK based employees had their employment contracts terminated by the Company immediately following the cessation of trade on 26 January 2015, it is understood that they had no outstanding claims for wages or holiday pay. It remains unclear as to whether they have any non-preferential claims for redundancy and compensation for failure to give statutory notice.

Non-preferential unsecured creditors

- 5.12 The Statement of Affairs shows total non-preferential unsecured creditors' claims (excluding the balance of any client/customer claims) of £ 235,269.
- 5.13 These are comprise small trade and expense creditors, and HMRC liabilities of £4,449 and £3,758 respectively, as well as larger liabilities owed to the liquidity provider FXDD, and broker introduction fees of £182,855 and £44,207 respectively.
- 5.14 The status of the claims of clients/ customers will need to be determined and those who are not protected by FCA CASS rules will be unsecured creditors.
- 5.15 Paid up share capital totals £221,750, leaving an estimated total deficit as regards members of £7,636,912.

6 Exit routes from Special Administration

- 6.1 At this stage in the Special Administration, we cannot predict with any degree of certainty the most appropriate exit route from the Special Administration.
- 6.2 However, whilst in our proposals we have identified that one or a combination of exit routes may be appropriate, it seems likely that the exit route that we will seek to follow from the Special Administration will be either of the following:
- to petition the court for a Compulsory Winding Up (Liquidation) of the Company and to appoint the Special Administrators as Liquidators, or
 - 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
- 6.3 The Special Administrators will be discharged from liability immediately upon their appointment as Special Administrators ceasing to have effect.

7 Pre-Special Administration costs

- 7.1 In accordance with the engagement letter dated 28 January 2015, it was agreed by the Director that Rollings Oliver LLP be paid for the period leading up to the making of the Special Administration Order on the basis of time spent at hourly rates as detailed in Appendix E.
- 7.2 A summary of the time costs incurred and the value of that time is set out at Appendix F.
- 7.3 Pre-appointment time costs total £42,109 for 123.8 hours at an average hourly cost of £340.14.
- 7.4 Pre-appointment costs incurred by the Special Administrators and their firm include time spent in relation to the following activities:

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- initial email and telephone correspondence with the Director to understand the nature of the Company's financial position and the circumstances giving rise to it and the issues surrounding access to Company records, data and information;
- conference calls and email correspondence with the FCA to keep them apprised on the status of the Company and to seek their input in relation to the proposed application for Special Administration. In particular, detailed discussions were held regarding the value and position of client monies held pursuant to FCA CASS rules and the steps necessary to ensure that these were protected;
- conference calls and exchanges of emails with the FSCS in respect of the nature and extent of client claims and the circumstances under which the FSCS may need to have visibility on any relevant claims;
- engaging and corresponding with CMS Cameron McKenna LLP in respect of the provision of legal advice pertaining to the Company's position and, in particular, to assist in determining that Special Administration was the most appropriate process for the Company and collating and scheduling information to assist in the preparation of the application to Court;
- preparation of a witness statement for the proposed Special Administrators to provide additional information in relation to the suitability of making such an order and the Objective that may be achievable;
- assisting the legal advisers and the Director in collating information and preparing schedules for the purpose of supporting the application;
- reviewing documentation provided by the Director and third parties in relation to the position of client/customer claims to funds held by the Company in accordance with FCA CASS rules, consideration of a strategy for how the segregated funds and the claims relating to them can be dealt with expeditiously following the making of the Order and the funds returned in early course as per Special Administration Objective 1.

7.5 All of the activities referred to above and the resulting time recorded were necessarily incurred in order to obtain the Order. The work undertaken by the Special Administrators and their firm was in accordance with the terms of an engagement letter dated 28 January 2015.

7.6 As agreed with the Company and the Director, CMS Cameron McKenna LLP were instructed to act on behalf of the Company in relation to the application for the Order. As part of this assistance, CMS Cameron McKenna LLP retained the services of Daniel Bayfield of South Square ("Counsel") to present the Company's application for the Order.

7.7 The Order which was made by Mr Justice Newey provided for the legal fees and costs (including Counsel) and accountancy costs (Rollings Oliver LLP and the Special Administrators) to be paid as an expense of the Special Administration.

7.8 Prior to the application for the Order and subsequent to the date that the Company's voluntary variation of permissions was agreed by the FCA, the FCA consented to the release of £100,000 from the Company's frozen accounts to act as a retainer for the pre-appointment costs of Rollings Oliver LLP and their legal advisors.

7.9 Given that the Order was subsequently made and that it was appropriate for the pre-Special Administration costs to be approved by clients and creditors, the retainer was returned to the Special Administration estate following the making of the Order and is referred to in section 4 above.

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- 7.10 Pre-appointment fees charged and expenses incurred by the Joint Special Administrators are as follows (all figures shown exclusive of VAT):

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

- 7.11 The payment of the unpaid pre-special administration costs set out above as an expense of the Special Administration is subject to the approval of creditors, separately to the approval of the Special Administrators' proposals.

- 7.12 This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by resolution of the meeting of creditors which has been convened to consider the proposals where there is no Committee.

8 Special Administrators' remuneration and disbursements

- 8.1 As noted in the Proposals set out in section 10 below, the Special Administrators are seeking to fix the basis of their remuneration by reference to the time properly spent by them and their staff in attending to matters arising in the Special Administration and to agree the basis on which we can draw Category 2 disbursements (as defined in Staemenet of Insolvency Practice 9). Appropriate approval will be sought as set out below.

- 8.2 The Special Administrators' time costs at 6 March 2015 are £76,945. This represents 300.75 hours at an average rate of £255.84 per hour.

- 8.3 A copy of "A Creditors' Guide to Administrator's fees" is available on request or can be downloaded from:

https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

If you would prefer this to be sent to you in hard copy please email boston.prime@rollingsoliver.com

Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.

- 8.4 Attached as Appendix D is a narrative guide to activities carried out by the Special Administrators and their staff to the above date.

8.5 The total of value of Category 2 disbursements incurred to 6 March 2015 is £273.90; all of this is photocopying and printing.

8.6 Attached as Appendix E is additional information in relation to my firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

9 Dividend prospects for creditors and clients

Clients

9.1 As referred to in section 3.5 above, until such time as we have identified the extent of segregated client monies under FCA CASS rules and segregated client claims, 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 £11,661,348.

9.3 Assuming therefore for the purposes of illustration that all of the funds that were held in "Trustee Money" accounts and "Customer funds" accounts are subject to FCA CASS rules, this would give a total of £3,710,636. Consequently, on this basis, there would be a significant shortfall to clients.

9.4 However, once the full extent of the segregated client monies and segregated client claims have been identified, we will be in a position to advise clients accordingly.

Secured creditors

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 will not apply.

Preferential creditors

9.6 As previously stated, 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. Any preferential claim is likely to be minimal.

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 practical.

10 Proposals

The Special Administrators' proposals to be approved by clients and creditors are set out below.

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

- 10.1 The Special Administrators will continue to manage the affairs of the Company in order to achieve the Objectives of the Special Administration as expeditiously as possible. The Objectives are;
- 1) to ensure the return of client assets as soon as is reasonably practicable;
 - 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.

It has not been possible to rescue the Company as a going concern.

- 10.2 The Special Administrators shall return client assets as soon as is reasonably practical and wind up the Company in the best interests of the creditors whilst continuing to liaise with the appropriate authorities and regulatory bodies.
- 10.3 The Special Administrators shall be authorised to take such legal action and to make application to Court for directions and otherwise as they consider appropriate with a view to achieving the Objectives.
- 10.4 The Special Administrators shall “pool” the funds identified as segregated client funds into an account or accounts held in an appropriate single currency as they deem appropriate.
- 10.5 Client funds shall be paid to clients who have a segregated client claim in accordance with their calculated distribution entitlements from the segregated client accounts.
- 10.6 The Special Administrators may set a bar date for the submission of claims to monies held in the segregated client accounts in order to expedite the return of client assets.
- 10.7 The Special Administrators shall convert into and keep the general estate funds in £STG less a provision for costs in other currencies as they deem appropriate from time to time.
- 10.8 The Special Administrators shall appoint and instruct such other professional advisers as they deem appropriate for the purposes of assisting them in achieving the Objectives of the Special Administration. This may include, but not be limited to, legal advisers in the UK and other relevant jurisdictions and forensic accountants.
- 10.9 If having realised the assets of the Company, the Special Administrators think that there are sufficient funds available, they shall make a distribution to the preferential and non-preferential unsecured creditors within the Special Administration.
- 10.10 The Special Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the Objectives.
- 10.11 The creditors and clients will consider establishing a Creditors' Committee and if any such Creditors' Committee is formed they shall be authorised to sanction the basis of the Special Administrators' remuneration and disbursements and any proposed act on the part of the Special Administrators without the need to report back to a further meeting of creditors generally, and to make any necessary decision regarding the most appropriate exit route from the Special Administration.
- 10.12 The Special Administrators will ensure regular meetings of and/or reports to be issued to any Creditors' Committee that is formed in a manner agreed with such a the Creditors' Committee.

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

- 10.13 The exit route used by the Special Administrators shall be either of the following without further recourse to clients or creditors:
- If there are no outstanding matters that require to be dealt with in a liquidation and if the special administration objectives have been met, the Special Administrators' shall file the appropriate notices at Companies House and notify creditors and clients accordingly, to formally conclude the Special Administration and move the Company to dissolution, or
 - to petition the court for a Compulsory Winding Up (Liquidation) of the Company and to appoint the Special Administrators as Liquidators.
- 10.14 In the event that Compulsory Winding Up is the most appropriate exit route from Special Administration and the Special Administrators are appointed as Liquidators, any action taken by the Liquidators may be taken by them individually or together.
- Remuneration, other amounts payable to the Special Administrators and their release.*
- 10.15 In addition to the matters referred to elsewhere in section 10, the following matters relating to the Special Administrators remuneration, when this should be drawn and the basis of certain of their disbursements will need to be agreed separately from the main proposals. These are as set out below.
- 10.16 The basis of the Special Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- as a percentage of the value of the assets they have to deal with, or
 - by reference to time properly spent by the Special Administrators and their staff managing the Special Administration, or
 - as a set amount
- 10.17 In this case, the Joint Special Administrators are seeking the approval of the basis of their remuneration as follows:
- by reference to the time properly spent by the Special Administrators and their staff in attending to matters arising in the Special Administration
- 10.18 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Special Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found in Appendix E.
- 10.19 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Special Administrators shall be fixed by resolution of a meeting of creditors or where the Special Administrators think that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2.106 of the Insolvency Rules 1986.
- 10.20 The Special Administrators will also seek approval for any unpaid pre-Special Administration costs as expenses of the Special Administration detailed in Section 8 above.
- 10.21 The Special Administrators will be discharged from liability under Regulation 15 and paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately following our appointment ceasing to have effect or at such other time as specified by the Court.

11 Further reports

- 11.1 The Special Administrators are required to provide a progress report within one month of the end of the first six months of the Special Administration.

12 Meeting of creditors and clients

- 12.1 An initial meeting of the Company's creditors and clients is being convened to approve the Special Administrator's proposals. The meeting will be held on 8 April 2015 at 3:00pm at Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London, WC2B 5BX.
- 12.2 Further information on the meeting is contained in the letter sent to creditors and clients dated 16 March 2015.

For Boston Prime Limited



Steve Butt
Joint Special Administrator

Enc

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

APPENDIX A

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 9 FEBRUARY 2015 TO 6 MARCH
2015**

RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 6 MARCH 2015 IN POUNDS STERLING

Statement of Affairs (£)	(£)	USD (£ equiv)	EUR (£ equiv)	AUD (£ equiv)	PLD (£ equiv)	JPY (£ equiv)	ZAR (£ equiv)	Total (£) From 9 February 2015 to 6 March 2015
ASSET REALISATIONS								
590,896.09	-	597,815.74	-	-	-	-	-	597,815.74
3,119,739.09	174,587.26	1,833,782.66	272,066.85	474,720.91	36,366.02	243,494.16	-	3,035,017.85
770,819.67	994.56	679,907.68	-	-	-	-	-	680,902.24
14,945.44	-	-	-	-	-	-	-	-
2,194,247.65	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	100,000.00	-	-	-	-	-	-	100,000.00
								<u>4,413,735.84</u>
COSTS OF REALISATIONS								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
(4,448.68)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
(560,896.09)	-	-	-	-	-	-	-	-
(11,070,451.62)	-	-	-	-	-	-	-	-
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(182,854.82)	-	-	-	-	-	-	-	-
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RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 6 MARCH 2015 IN NATIVE CURRENCY

Statement of Affairs (£)	(£)	USD	EUR	AUD	PLD	JPY	ZAR
ASSET REALISATIONS							
590,896.09	-	900,344.49	-	-	-	-	-
3,119,739.09	174,587.26	2,736,627.59	377,387.91	927,125.11	208,197.47	4,580,538.00	-
770,819.67	994.56	1,023,979.62	-	-	-	-	-
14,945.44	-	-	-	-	-	-	-
2,194,247.65	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	100,000.00	-	-	-	-	-	-
Total Receipts from 9 February 2015 to 6 March 2015	275,581.82	4,660,951.70	377,387.91	927,125.11	208,197.47	4,580,538.00	-
COSTS OF REALISATIONS							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
(4,448.68)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
(560,896.09)	-	-	-	-	-	-	-
(11,070,451.62)	-	-	-	-	-	-	-
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(182,854.82)	-	-	-	-	-	-	-
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BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

APPENDIX B

**COPY OF THE DIRECTOR'S STATEMENT OF AFFAIRS OF THE COMPANY AS AT 9 FEBRUARY
2015**

Statement of Affairs

Name of Company Boston Prime Limited
--

Company Number 7435569

In the High Court of Justice, Chancery Division, Companies Court

Court case number 1051 / 2015

Statement as to the affairs of
Boston Prime Limited
Citypoint Suite 1248
1 Ropemaker Street
London

on the 9 February 2015, the date that the company entered special administration.

Statement of truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named Company as at 9 February 2015 the date the Company entered Special Administration.

Full Name George Popescu

Signed [Signature]

Dated 21/20/15

Boston Prime Limited
Statement Of Affairs as at 9 February 2015

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to a Fixed Charge		
None		
Assets subject to a Floating Charge		
None		
Assets subject to client claims:		
"Trustee Bank" Accounts	590,896.09	590,896.09
Relevant client claims against "Trustee Bank" Accounts	<u>(590,896.09)</u>	<u>(590,896.09)</u>
		<u>nil</u>
"Customer Funds" Accounts	3,119,739.09	3,119,739.09
Relevant client claims against "Customer Funds" Accounts	<u>(11,070,451.62)</u>	<u>(11,070,451.62)</u>
		<u>(7,950,712.53)</u>
Estimated total surplus/deficiency available to Clients		
Assets not subject to Client claims:		
Client Debtors	2,194,247.65	Unknown
"Operating Funds" Bank Accounts	770,819.67	770,819.67
FXCA Trading Account	<u>14,945.44</u>	Unknown
		<u>770,819.67</u>
Estimated total assets available for preferential creditors		

Signature  Date 2/20/15

Details of any security held by the

Client name	Deposit Currency	Amount of Debt (\$)	Company
AAAFX EUR FIX FCA	EUR	48,915.21	N/A
AAAFX USD 2 FIX FCA	USD	51.35	N/A
AAAFX USD FIX FCA	USD	34,916.66	N/A
Absolute Gain(AG) Quants Ltd (FCA)	USD	20,000.00	N/A
Absolute Gain(AG) Quants Ltd (FCA) PT	USD	172,000.75	N/A
Accord_Markets_STP_USD_CS_FSA	USD	64,945.87	N/A
Ace Markets Metals USD FIX FCA	USD	0.10	N/A
ACH INTERNATIONAL LIMITED (FCA)	USD	3,009,655.86	N/A
ActivTrades Mtils USD FIX FCA	USD	1,981.19	N/A
ActivTrades USD FIX FCA	USD	31,223.07	N/A
Agustin de Alonso Lobato PT	EUR	6,343.86	N/A
AI Waase Consultancy and Services FZC	USD	32,414.86	N/A
Algaway Limited	USD	51,083.87	N/A
Alpha Fortis Corporation	USD	2,447.77	N/A
Alternative Capital Management	EUR	11,164.81	N/A
Angkana Khammee	USD	10,761.14	N/A
APM GLOBAL MANAGEMENT LIMITED	USD	103,566.90	N/A
Apuro Holdings Limited	USD	44.67	N/A
Assistant Loyal Corp	USD	273.97	N/A
Billion Trade Ltd.	USD	445.10	N/A
Alexander_Shurbanov_USD_FIX	USD	49,964.99	N/A
Bulbrokers Ead	USD	50,000.00	N/A
Bull Technology ltd	USD	8,280.27	N/A
BZ Group	USD	71,081.22	N/A
Cakra Group Limited	USD	9,049.53	N/A
Charter Prime	AUD	2,356,920.02	N/A
Charter Prime	USD	1,468,114.79	N/A
Chee Wei Chew	USD	18,245.22	N/A
City Credit Capital CSPOP FSA	USD	50,000.00	N/A

Currenstone Global Advisors	USD	4,962.47	N/A
CWP Asia Limited Live8	USD	37,558.54	N/A
Daniel Froilich	USD	8,881.49	N/A
DBGP Holding LLC	USD	28,194.03	N/A
Ding Zhang	USD	23,906.28	N/A
DunamisFx Inc	USD	59,261.71	N/A
EFX Capital Markets Limited	USD	4,947.16	N/A
EGlobal STP USD CS FCA	USD	100,629.06	N/A
Eva Margarita Castaneda PT	USD	133,424.97	N/A
EVENFX CAPITAL LTD	USD	52,332.37	N/A
Eyal Cohen-Hoshen	USD	12,909.24	N/A
FFA_Private_Bank_2_STP_USD_CS_FCA	USD	602,933.77	N/A
FFA_Private_Bank_STP_USD_CS_FCA	USD	264,201.49	N/A
Financial Computing AECFX	USD	108,363.76	N/A
Firman Aluwi	USD	36.37	N/A
Fortune International Markets Limited	USD	61,551.85	N/A
FTV CoLtd	USD	49,215.41	N/A
FWEAL LTD	USD	407.84	N/A
FX PIG USD FIX FCA	USD	1,000.00	N/A
FXI Market Group Limited Metals USD FIX FCA	USD	736.65	N/A
FXOpen USD FIX FCA	USD	342,211.26	N/A
Gabor Balinth STP USD CS FCA PT	USD	0.69	N/A
GAC Forex Limited	USD	20,864.19	N/A
GDM INT LIMITED	USD	20,990.88	N/A
Gerardo Schwarz PT	USD	108,179.08	N/A
Global Tactics Capital Co.	USD	26,106.74	N/A
GMT Prime Broker	USD	24,092.82	N/A
Goldland Capital FSA	USD	1,392,665.82	N/A
Guillermo Gonzalez Galvez PT	USD	126,613.08	N/A
Hadwins Capital Ltd	USD	139,152.10	N/A
Hasan Serdar Tomurcu	USD	1,765.34	N/A
Hazem Charif	USD	0.50	N/A
Henyep Capital Markets USD FIX FCA	USD	66,639.16	N/A

PT Sentra Arta Maxima USD FIX FCA	USD	24,470.77	N/A
R&M Management Ltd	USD	230,644.82	N/A
Rab Markets Limited	USD	1,324.71	N/A
Repletion Ltd	USD	4,966.73	N/A
Sakura Capital Markets Ltd	USD	1,720.03	N/A
Scandinavian Capital Markets SCM AB	USD	65,815.39	N/A
Silvano Lavao Gonzalez PT	EUR	0.01	N/A
Sky Million Group Limited	USD	4,989.27	N/A
Stellar Finance Ltd	USD	43,942.03	N/A
Storex Group	USD	29,246.18	N/A
Sun Global Markets Ltd	USD	716.15	N/A
Susanty Veronica Tan	USD	165.25	N/A
The Andaman Holding CV	USD	142,915.79	N/A
To Wai Chung	USD	48,528.06	N/A
TP TECHNOLOGY (HK) LIMITED (FCA)	USD	65,984.81	N/A
TSI Forex Ltd USD FIX FCA	USD	132.99	N/A
Tsz Kwan Sheila Ng	USD	63,743.43	N/A
TW Corp. USD FIX FCA	USD	61,247.80	N/A
UFX Markets Global Inc.	USD	18,996.15	N/A
Unifield Invest Ltd	USD	32,263.25	N/A
United Market Oracle STP USD CS FCA	USD	108,252.84	N/A
UPPOINT GROUP LIMITED	USD	279,560.77	N/A
USGFX STP USD FSA	USD	1,015.09	N/A
Varchev_STP_EUR_CS_FCA	EUR	2,218.02	N/A
Vector Securities Limited	USD	20,000.28	N/A
Vinst Capital STP EUR CS FCA	EUR	21,099.13	N/A
Vinst Capital STP USD CS FCA	USD	21,106.50	N/A
Vision en Analisis & Estrategia	USD	936,756.51	N/A
Wealth Trade FX	GBP	132.91	N/A
Wealth Trade FX	EUR	4,274.05	N/A
Wealth Trade FX	USD	127,155.43	N/A
YF CONSULTING LIMITED	USD	79,209.19	N/A
ZEPHYR Global Fund Ltd. (FSA)	USD	68,071.38	N/A

Zulkarnain_bin_Hashim_STP_USD_PT

USD

6,592.78

N/A

A handwritten signature in black ink, appearing to be 'Zulkarnain Bin Hashim', written over the 'N/A' text.

TIME ANALYSIS FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 6 MARCH 2015

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

TIME ANALYSIS FOR THE PERIOD FROM 9 FEBRUARY 2015 TO 6 MARCH 2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	0.30	4.80	3.00	0.00	8.10	1,778.00	219.51
102 : Appointment	1.00	0.00	0.00	0.00	1.00	420.00	420.00
103 : Background Information	6.40	0.00	1.30	0.00	7.70	2,880.00	374.03
105 : Case Planning	6.45	1.00	1.90	0.00	9.35	3,218.00	344.17
106 : Maintanance Of Records	0.00	0.00	0.20	0.00	0.20	22.00	110.00
107 : Statutory Reporting	7.30	1.50	33.30	0.00	42.10	8,769.00	208.29
108 : Statutory Compliance	2.20	11.10	8.90	0.00	22.20	4,863.00	219.05
112 : Post Appointment Tax	0.00	1.50	0.00	0.00	1.50	375.00	250.00
116 : Case Accounting	0.00	0.00	3.00	0.00	3.00	360.00	120.00
702 : Liaison With Directors	2.55	4.40	0.70	0.00	7.65	2,283.00	298.43
Administration & Planning	26.20	24.30	52.30	0.00	102.80	24,968.00	242.88
600 : Case Specific	40.15	12.40	3.90	0.00	56.45	20,571.00	364.41
Case Specific Matters	40.15	12.40	3.90	0.00	56.45	20,571.00	364.41
316 : Client Monies	5.00	4.70	0.00	0.00	9.70	3,275.00	337.63
317 : Customer Funds	7.70	9.70	3.80	0.00	21.20	6,127.00	289.01
500 : Creditors	12.40	8.40	58.40	0.00	79.20	14,456.00	182.53
508 : Employees	0.70	3.30	0.30	0.00	4.30	1,167.00	271.40
510 : Pre Appointment Tax	0.00	0.00	0.40	0.00	0.40	64.00	160.00
Creditors	25.80	26.10	62.90	0.00	114.80	25,089.00	218.55
200 : Investigations	0.00	0.50	1.50	0.00	2.00	365.00	182.50
Investigations	0.00	0.50	1.50	0.00	2.00	365.00	182.50
300 : Realisation Of Assets	4.80	9.60	7.20	0.00	21.60	5,280.00	244.44
302 : Identifying, Securing, Insuring Assets	0.00	0.00	1.90	0.00	1.90	304.00	160.00
303 : Book Debts	0.40	0.80	0.00	0.00	1.20	368.00	306.67
Realisation of Assets	5.20	10.40	9.10	0.00	24.70	5,952.00	240.97
Total Hours	97.35	73.70	129.70	0.00	300.75	76,945.00	255.84

NARRATIVE GUIDE TO ACTIVITIES UNDERTAKEN BY THE SPECIAL ADMINISTRATORS

NARRATIVE GUIDE TO ACTIVITIES UNDERTAKEN BY THE SPECIAL ADMINISTRATORS

Analysis Code	Description	Narrative
100	Administration & Planning	<ul style="list-style-type: none"> • 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 • Preparation for internal and external meetings, including document production and review
102	Appointment	<ul style="list-style-type: none"> • Attending Court hearing
103	Background Information	<ul style="list-style-type: none"> • Retrieval of accounts and filings from Companies House and 3rd party Credit Search engines. • Requesting, printing, reviewing information provided by Director and 3rd parties. • Collating information relating to the Company prior to appointment, including details of assets, information relating to licence agreements, relevant online material.
105	Case Planning	<ul style="list-style-type: none"> • Initial formulation and ongoing documentation of strategy to achieve special administration objectives • Consultation and ongoing correspondence with regulatory bodies (FCA and FSCS) to ensure strategy is appropriate • Ongoing consultation with legal advisors to ensure process and strategy are appropriate • Internal staff briefings and discussions relating to the progress of the case • Review of case workstreams to ensure appropriate staff assigned to appropriate tasks • Planning of future tasks necessary to achieve special administration objectives
107	Statutory Reporting	<ul style="list-style-type: none"> • Drafting and amending the initial proposals • Preparation and maintenance of receipts and payments accounts
108	Statutory Compliance	<ul style="list-style-type: none"> • 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 • Initial notifications to the Registrar of Companies, Creditors, Shareholders, Directors, Court, FCA and FSCS • Advertisements in London Gazette and additional press as necessary • Review of Statement of Affairs and filing with the Registrar of Companies • Initial statutory bonding and regular checks for adequacy • Ensuring compliance with all relevant regulation and legislation within statutory periods including adherence to The Investment Bank Special Administration Regulations 2011 and (England & Wales) Rules 2011.
109	Review	<ul style="list-style-type: none"> • Internal case reviews as part of the Risk Management processes at 1 month.
111	Billing	<ul style="list-style-type: none"> • Analysis of Work in Progress
112	Post Appointment Tax	<ul style="list-style-type: none"> • Initial information gathering relating to the Company's tax position • Correspondence relating to post-appointment VAT, PAYE and Corporation Tax • Initial notification and subsequent communications to/from HM Revenue & Customs • Submission of relevant returns and ensuring all post-appointment liabilities are accounted for
114	Partner Review	<ul style="list-style-type: none"> • Office holders' consideration of initial case reviews at 1 month.
115	Meetings	<ul style="list-style-type: none"> • Preparation of documents for initial creditors' meeting, agendas
116	Case Accounting	<ul style="list-style-type: none"> • Initial set-up of special administration bank accounts • Preparing and processing payments and receipts • Reconciling IPS and bank accounts
119	Closure	<ul style="list-style-type: none"> • Administrative tasks relating to the closure of the special administration
200	Investigations	<ul style="list-style-type: none"> • Correspondence with Director and former directors regarding obligations to file CDDA report • Review of information provided by Director and former directors • Investigatory work required for the completion of CDDA reports
201	CDDA Reports	<ul style="list-style-type: none"> • Drafting and filing of CDDA report
300	Realisation Of Assets	<ul style="list-style-type: none"> • Initial correspondence notifying banks of special administration and requirement to freeze all funds • Correspondence with banks to retrieve funds held by the Company • Reconciling funds received to funds believed to be held • Legal correspondence to retrieve funds from Japanese bank

NARRATIVE GUIDE TO ACTIVITIES UNDERTAKEN BY THE SPECIAL ADMINISTRATORS

Analysis Code	Description	Narrative
302	Identifying, Securing, Insuring Assets	<ul style="list-style-type: none"> • Initial notification to insurers to provide open cover • Review of Company's previous insurance provisions • Ongoing correspondence with insurers regarding potential insurance for Company assets
303	Book Debts	<ul style="list-style-type: none"> • Initial notification to debtors of the special administration • Investigation into nature of relationship with Company • Reconciling Company records with debtor records • Correspondence relating to retrieval of balances due from debtors • Legal correspondence regarding Maltese debtor
314	Litigation	<ul style="list-style-type: none"> • Consultation with legal advisers in respect of potential future litigation against third parties
316	Client Monies	<ul style="list-style-type: none"> • Correspondence relating to monies covered by FCA CASS rules as detailed in customer terms and conditions • Reconciling segregated client balances with Company records
317	Customer Funds	<ul style="list-style-type: none"> • Collation and review of information on client positions • Review of close out positions • Review of claims information provided by customers • Review of customer terms and conditions
500	Creditors	<ul style="list-style-type: none"> • Initial notifications to Creditors • Creation of web portal to provide general creditor information • Creation of documentation to be uploaded to web portal • Investigation work to establish accurate creditor postal and email addresses • Responses to general creditor queries to boston.prime@rollingsoliver.com • Administration of web portal and boston.prime@rollingsoliver.com • Preparation of documentation and venue for initial creditors' meeting
505	Creditors Committee	<ul style="list-style-type: none"> • Correspondence with Creditors' Committee (if approved)
508	Employees	<ul style="list-style-type: none"> • Correspondence with former employees of the Company • Answering queries regarding the status of the Company and their employment • Managing employee claims in relation to potential arrears of pay, redundancy, holiday pay, PILON etc
510	Pre Appointment Tax	<ul style="list-style-type: none"> • Liaising with pre-appointment accountants to establish tax position of Company • Reconciliation of pre-appointment HMRC claims • Gathering information from HMRC relating to outstanding balances due for pre-appointment tax periods • Filing any returns due for pre-appointment period
600	Case Specific	<ul style="list-style-type: none"> • Correspondence/Emails/Phonecalls regarding retrieval of data from Forexware • Collating information received from Forexware • Legal correspondence regarding retrieval of data from Forexware • Correspondence with legal advisors of BT Prime • Correspondence regarding consideration of need to seek recognition of Special Administration in other jurisdictions. • Review of licencing agreements with Forexware • Investigations and discussions regarding trading data platform, feasibility of data retrieval, and general access to "back office" systems • Correspondence with liquidity providers regarding licenses and data retrieval
702	Liaison With Directors	<ul style="list-style-type: none"> • Email/telephone correspondence with the Director relating to the Company • Information requests from the Director relating to the Company and/or third parties.
800	Shareholders	<ul style="list-style-type: none"> • Communications with the Company shareholders; notification, queries, provision of reports

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

APPENDIX E

**ADDITIONAL INFORMATION IN RELATION TO SPECIAL ADMINISTRATORS' FEES
PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9**

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

1 Policy

Detailed below is this firm's policy in relation to:

staff allocation and the use of sub-contractors;

professional advisors; and

disbursements.

○ **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 an Associate. 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. Our 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.

○ **Professional Advisors**

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

Name of Professional Advisor	Basis of Fee Arrangement
CMS Cameron McKenna (legal advice)	Hourly rate and disbursements

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.

○ **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

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would advise that the following Category 2 disbursements are currently charged by this firm:

Type and purpose	£
Photocopying/Printing	15p per sheet
Business mileage (car)	45p per mile

- **Charge-out Rates**

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

Role	(Per hour) £
Partner	420
Director	335
Manager	250
Associate	110 - 175

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

TIME ANALYSIS FOR THE PRE-APPOINTMENT PERIOD UP UNTIL 9 FEBRUARY 2015

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

TIME ANALYSIS FOR THE PRE-APPOINTMENT PERIOD UP UNTIL 9 FEBRUARY 2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Case Specific Matters	72.80	38.50	12.50	0.00	123.80	42,109.00	340.14
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	72.80	38.50	12.50	0.00	123.80	42,109.00	340.14

**SUMMARY INFORMATION REGARDING THE INITIAL MEETING OF CREDITORS AND
CLIENTS AND THE VOTING PROCESS**

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

SUMMARY INFORMATION REGARDING THE INITIAL MEETING OF CREDITORS AND CLIENTS TO BE HELD ON 8 APRIL 2015 (“INITIAL MEETING”) AND THE VOTING PROCESS

What is the purpose of the Initial Meeting

The Initial Meeting is being held in order that the clients and creditors are able to consider the Special Administrators' proposals and approve them (or otherwise) with or without modification.

In addition to this, the meeting will consider whether it is appropriate to appoint a Creditors' Committee to assist the Special Administrators in carrying out their duties.

The Creditors' Committee will be asked to consider certain resolutions regarding the basis of the Special Administrators remuneration, when they should be paid and how they can recover certain costs that they may incur in the performance of their duties.

If a Creditors' Committee isn't formed, these resolutions will be put to the Initial Meeting.

Do I have to attend the Initial Meeting?

Clients and creditors are under no obligation to attend the meeting and they will not be precluded from claiming in the Special Administration if they are unable or choose not to attend.

However, understanding the views of the creditors and clients is a very important part of the Special Administration process and if you are not able to attend, the relevant legislation makes it easy for you to instruct somebody else (including the Chair of the Initial Meeting who will be one of the Special Administrators) to represent you and to vote on your behalf or in accordance with your instructions.

How do I vote if I am not an individual creditor or client and am unable to attend the initial Meeting?

If you are unable to attend or are something other than a client/creditor in your own right, you can vote at the Initial Meeting by lodging a proxy form together with details of your claim with the Special Administrators.

A proxy form is a way of nominating another person to attend the meeting on your behalf and either vote in accordance with your instructions or in a manner that they think is appropriate.

The proxy should be completed and signed by a person who is authorised to do so (which in respect of a company is ordinarily a director) and lodged with the Special Administrators together with a statement of claim as a creditor or client and appropriate documentation supporting your claim.

Why are there different claim forms for creditors and clients?

The Investment Bank Special Administration (England & Wales) Rules 2011 (“Rules”) treats the claims of creditors and clients in different ways, particularly in relation to the calculation of their claims for voting purposes.

However, a majority in value of those present and voting, both in person or by proxy, of both creditors and clients need to be obtained for the Special Administrators proposals to have been formally approved. Any resolution is invalid if those voting against it include more than half in value of the creditors or clients to whom notice of the meeting was sent and who are not, to the best of the Chair's belief, connected to the Company.

Creditors' claims will be calculated with reference to the amount due to them as at the date of the Special Administration Order less any amounts received after that date or any set-off that has been applied in accordance with the Rules.

BOSTON PRIME LIMITED - IN SPECIAL ADMINISTRATION

Clients' claims will be calculated in accordance with Rule 91 of the Rules based on their entitlement to vote and claims as submitted in accordance with Rule 90 of the Rules. Where a clients' claim consists of securities, the Chair of the meeting is to value any securities making up the client's claim under paragraph 91(1) of the Rules by reference to the closing or settlement price for such securities of a particular description.

Where clients are not yet able to value their claim for voting purposes in accordance with the Rules, they should attempt to estimate their claim for voting purposes. Further claims can be submitted for distribution purposes in the Special Administration at a later stage if appropriate.

What happens if the requisite majorities are not achieved?

The Rules allow for the Initial Meeting to be adjourned for a maximum period of 14 days from the date it was originally convened for.

In the event that the proposals are not approved by both creditors and clients in the same format (i.e. with or without modifications), the Special Administrators may apply to court for directions.

What is the role of a Creditors' Committee and how is it formed?

The role of a Creditors' Committee is to assist the Special Administrators in carrying out their functions as agreed from time to time, which is likely to include passing resolutions in relation to certain acts to be undertaken by the Special Administrators and other matters including the basis of their remuneration

The Creditors' Committee will be formed of between 3 and 5 members who may be either creditors or clients. The composition of the Creditors' Committee will be subject to the vote of those attending or represented at the Initial Meeting.

Should you wish to act on the Creditors' Committee or nominate someone else to do so, please notify the Special Administrators and complete and return the proxy form accordingly. Please note that creditors and clients can only be appointed to the Creditors' Committee once they have consented to do so and the appropriate resolution has been passed by the relevant category (i.e. either creditors or clients).