



Joint Special Administrators' final progress report for the period 19 January 2018 to 18 May 2018

Alpari (UK) Limited - in
Special Administration

18 May 2018

Notice to creditors

This progress report provides a final update on the special administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained the exit route from the special administration and the outcome for each class of creditors.

You will find other important information in this progress report such as the costs which we have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.com/uk/alpari>. We hope this is helpful to you.

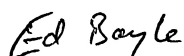
Please also note that an important legal notice about this report is attached (Appendix 6).

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1 Executive summary

- This final progress report covers the period from 19 January 2018 to 18 May 2018.
- We are now in a position to issue our final progress report following the final dividend to unsecured creditors of the Company and the receipt of the Court Order regarding closure of the special administration.
- Our application to the Court was heard on 18 April 2018 and we obtained an Order for our appointment as Special Administrators to cease to have effect upon the registration by the Registrar of Companies of the final progress report. In addition we will be discharged from any liability with effect from 28 days after the date on which our appointment ceases to have effect.
- On 23 February 2018, we declared and paid a final distribution to unsecured creditors of 23.54 pence in the £ (GBP), bringing total unsecured creditors' distributions to 43.54 pence in the £ (GBP).
- All matters within the special administration have now been dealt with and we have applied to cancel the Company's FCA registration.
- We have filed a copy of this progress report with the Registrar of Companies together with the requisite notice. The special administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's clients and creditors which can be found at <http://www.kpmg.com/uk/alpari>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Edward George Boyle
Joint Special Administrator

2 Progress of the special administration

As previously advised the Special Administrators' Proposals were approved, without modification, at a meeting of creditors and clients held on 12 March 2015. A creditors' committee was formed: see section 4.1.

A copy of the Proposal is available at <http://www.kpmg.com/uk/alpari>.

This section provides a final update on the special administration and on our progress to date. It does not repeat all of the information provided in our previous progress reports, which can be found at the website above.

2.1 Objectives and strategy of the special administration

The Regulations set out the statutory objectives of the special administration, being;

1. to ensure the return of client assets (being client monies for these purposes) as soon as is reasonably practicable;
2. to ensure timely engagement with market infrastructure bodies and the Authorities; and
3. either to rescue the Company as a going concern or to wind it up in the best interests of the creditors.

All funds held in segregated accounts, together with the Company's client money held in omnibus accounts designated as client monies at banks or exchange/clearing house, were automatically pooled on insolvency. Any client entitled to client money protection was entitled to a share in the pool on a pro-rata basis.

We pursued all three objectives simultaneously during the special administration and have concluded the pursuit of all of them.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below. Key realisations within the special administration as a whole were:

- disposal of intellectual property;
- disposal of its Japanese subsidiary;
- sale of client lists.

Each of these has been discussed in our previous reports.

Client Debtors

In the period covered by this report we have realised GBP 13,701 from debtors.

As previously reported, these recoveries have been achieved from debtors based in different countries, but as a result of the geographic spread of the ledger and the nature of the debts, the collection process was challenging (Section 2.3).

Services to FSCS

In order to be fair to non-FSCS creditors, we charge FSCS for the service provided in relation to Clients and have received GBP 8,236 from FSCS since our previous progress report which relates to services provided in the prior reporting period.

Bank interest

During the period we have realised GBP 5,945 in bank interest.

IT equipment and office furniture

During the period we have realised GBP 6,440 in relation to IT equipment that had been retained by the JSAs for the earlier stages of the special administration, but which was no longer required.

2.3 Progress to date

CMP closure

Following the High Court directions to close the CMP, a second and final client money distribution of 27.0 cents in the \$ (USD) was declared on 31 May 2017, taking total distributions to clients from the client money pool to 82.0 cents in the \$. Any clients who have not submitted a client money claim are no longer entitled to any distributions from the client money pool.

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

Communications

Since the appointment, we have sought to provide information to clients, creditors and other stakeholders mindful of their need to understand the impact that the special administration has. To assist with this we established a website relating to the special administration of the company, together with a dedicated email enquiry address and we set up a dedicated call centre.

Please be advised that the dedicated e-mail address and call centre for enquiries will no longer be in use from 18 June 2018. We have provided contact details for the Insolvency Service regarding unclaimed dividends and for the FSCS for clients who have not as yet assigned their claim and may wish to do so.

Any information and circulars issued to clients and creditors during the special administration can be found at <http://www.kpmg.com/uk/alpari>. The website will remain accessible until 18 May 2019.

Client debtors

The geographic spread of the ledger (and the circumstances under which most of the debts arose) made the collection process challenging. In addition to the recoveries of approximately GBP 1.7 million, 59 debtors have entered into instalment settlement arrangements.

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

IT infrastructure and information

The Company was heavily dependent on its IT infrastructure. Working with the Company, we ensured continuity of provision of such IT services and related data as were required to fulfil our objectives and to develop the Claims Portal.

We identified key data sources that we needed to preserve and the mechanisms by which we can communicate with clients and suppliers.

Prior to closure of the special administration of the Company we decommissioned systems and, where possible, realised some income from the sale of equipment. (Please see the attached receipts and payments account for details) (Appendix 2). All IT equipment has been decommissioned and has had data removed from the systems.

Tax

We obtained relevant corporation tax and VAT clearance from HMRC prior to obtaining the Court Order regarding closure of the special administration.

2.4 Regulatory Matters

The Financial Conduct Authority

We continued to liaise with the FCA in relation to a number of matters throughout the special administration which included our work relating to client money and assets, compliance with FCA rules and Know Your Client regulations.

Once all client related matters had been concluded and the client money bank account closed with unclaimed client money dividends passed to the Insolvency Service, we submitted an application to the FCA to cancel the firm's regulated activities.

Financial Services Compensation Scheme

We have now concluded our work with clients who have contacted us to agree any final balances. As previously advised, we have worked closely with the FSCS during this special administration and we have liaised with them in relation to the final position regarding client claims from the Special Administrators' perspective.

Client creditors who have not yet received compensation from the FSCS remain entitled to claim compensation from the FSCS in respect of their losses for the remainder of their agreed account balance up to their limit of GBP 50,000 person.

The FSCS is contactable on +44 20 7741 4100 should clients have any queries in this respect.

2.5 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2). Note that costs are allocated between the client and house estates and that the client estate is denominated in USD, while the house estate is expressed in GBP.

Summaries of the most significant payments made during the period are provided below.

Key areas of cost over the course of the special administration have been:

- Wages and salaries of GBP 2,604,958 including PAYE;
- Legal fees of GBP 2,667,249; and
- IT suppliers of GBP 1,351,449.

All of these have been discussed in our previous reports.

Cost allocation

CASS rule 7.17.2R states that:

“in respect of a trustee firm, a firm receives and holds client money as trustee on the following terms:

...(4) for the payment of the cost properly attributable to the distribution of the client money....if such distribution takes place following the failure of the firm”

In addition, Rule 135 of the Rules addresses the order of priority of expenses to be paid out of client assets. We were therefore required by both CASS rules and the Rules to pay from the client estate the costs that have been incurred to enable distributions to be made from the CMP.

The creditors’ committee has approved the allocation of costs between the client estate and the house estate based on average assets and liabilities, including the asset provision in the house estate and excluding the CMP deficit in the client estate. The final cost allocations on the agreed basis between the estates following confirmation of the final asset and liability position on closure of the CMP was 77.7% to the client estate and 22.3% to the house estate. No further cost allocations have taken place since the closure of the CMP.

Solicitors

Ashurst were our legal advisors in the special administration. We had a formal engagement letter with them which detailed the responsibilities of each party and the basis of their remuneration.

Their work in the period predominantly relates to closure related activities including preparation of the Court papers for the application to close.

We have paid GBP 18,000 to Ashurst in the reporting period, including counsel’s fees.

CCI Legal Fees

In respect of the client debtor recoveries we have paid commissions in the period of GBP 882.

IT Suppliers

We have continued to ensure continuity of the provision of such IT services and related data as were required. The IT infrastructure has now been decommissioned and all the contracts with suppliers cancelled.

The final IT costs incurred during the period are GBP 85,806.

Storage

During the period, we have incurred storage costs of GBP 17,893. This includes storage of records post March 2018 and destruction costs. There are specific requirements in relation to the periods for which we must retain the various types of records, that is:

- duration of the assignment plus 12 months post the dissolution date for the Company's records; and
- duration of the assignment plus six years post the dissolution date for the Officeholders' records.

Tax Advice

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

3 Dividends paid

3.1 Clients

Agreed final client balances totalled USD 95.8 million.

During the special administration we have paid and declared two client dividends totalling 82.0 cents in the \$ (USD).

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

On 29 September 2016 the English High Court made an Order prescribing a procedure by which the remaining client money held by Alpari UK should be distributed to clients. As a result of this Order, the bar date for client money claims was set for 30 October 2016 and we subsequently adjudicated all claims.

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

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

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

On 23 February 2018, we declared and paid a final dividend of 23.54 pence in the £ (GBP), bringing total unsecured distributions to 43.54 pence in the £ (GBP).

We have now closed the client bank account and have transferred all unclaimed dividend amounts to the Insolvency Service. Clients who did not provide appropriate banking instructions for the transfers or the relevant KYC information will need to contact the Insolvency Service directly to obtain dividends attributable to them. The Insolvency Service can be contacted on 0121 6984268 or by email at customerservices.eas@insolvency.gsi.gov.uk.

As mentioned above, despite the closure of the special administration, clients remain entitled to claim compensation from the FSCS. More information and contact details are included in section 2.4.

3.2 Preferential creditors

All preferential creditors have been paid in full.

3.3 Unsecured creditors

The total value of agreed unsecured claims (excluding client unsecured claims but including employee unsecured claims) is GBP 21,625,599. Client unsecured claims total GBP 8,957,898.

As previously reported we have declared and paid interim dividends totalling 20 pence in the £ (GBP) to all agreed unsecured creditors who have passed the necessary KYC checks.

On 23 February 2018, we declared and paid a final dividend of 23.54 pence in the £ (GBP), bringing total unsecured distributions to 43.54 pence in the £ (GBP).

Creditors who did not provide appropriate banking instructions for the transfer of dividends or the relevant KYC information will need to contact the Insolvency Service directly to obtain dividends attributable to them. The Insolvency Service can be contacted on 0121 6984268 or by email at customerservices.eas@insolvency.gsi.gov.uk.

4 Other matters

4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was elected at the meeting of creditors held on 12 March 2015, comprising three client and two creditor representatives.

All committee members have signed a non-disclosure agreement. This allowed us to discuss aspects of our work in more detail with them.

Areas of work we discuss with the committee included debtors strategy, tax strategy, providing approval for the JSAs is to draw the fees, illustrative financial outcome statements, the allocation of cost mechanism and the procedure for the closure of the CMP.

There have been regular calls and correspondence with the creditors' committee and the final communication was on 18 May 2018.

5 Joint Special Administrators' remuneration and disbursements

5.1 Joint Special Administrators' remuneration and disbursements

The committee have provided approval that our remuneration be drawn on the basis of time properly charged by us and the various grades of our staff according to the charge-out rates included in Appendix 5.

This resolution was passed with a view to the JSAs' fee structure being considered further with the committee.

Disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) are charged in accordance with KPMG's policy as set out in Appendix 5.

Following the initial approval to draw a fee on account of GBP 2 million, the committee approved the basis of our fees and we agreed a fee structure with the committee, summarised below.

House estate

In the House estate it has been resolved that fees can be drawn on the following basis:

- 40% of time costs relating to the House estate can be billed on a quarterly basis
- the balance was dependent on the quantum and timing of unsecured dividends and the value of realisations made.
- In view of the need to make the final distribution before all costs are ascertained: in particular the need to estimate final IT costs and bank charges involved in making the distribution, and the possibility that a small balance will be received from debt collections before closure, the committee approved a final fee (inclusive of irrecoverable VAT) equal to any remaining cash balance after payment of the final distribution and all costs. This amount was capped at £75,000. However, we have only drawn final fees of GBP 16,016.86 as an approved addition to the cap of £10.5 million noted below.

Client estate

In the Client estate it has been resolved that fees can be drawn on the following basis:

- 50% of time costs relating to the Client estate can be billed on a quarterly basis
- the balance of fees was dependent on the quantum and timing of distributions to clients.

We have provided a budget for each estate to the creditors' committee

Time costs

From 19 January 2018 to 18 May 2018, we have incurred time costs of GBP 279,650.50. These represent 617.50 hours at an average rate of GBP 452.88 per hour.

From the date of our appointment to 18 May 2018, we have incurred time costs of GBP 13,929,273. These represent 33,105.81 hours at an average rate of GBP 420.75 per hour.

Key areas where the majority of costs since 19 January 2018 were incurred are:

- Tasks undertaken to complete final distribution to unsecured creditors;
- Cashiering costs incurred during the period relate to the tasks undertaken to complete the unsecured creditors' final distribution and subsequent closure of the estate;
- Cost incurred in relation to clients' queries are linked to work undertaken prior to and during the final distribution to unsecured creditors. This includes answering clients' queries, assisting with agreeing claims including dealing with returned payments and changes of details not previously advised;

Tasks relating to closure of the special administration.

Please see a detailed analysis of the time spent and a narrative description of the work performed (Appendix 5) and similar analysis in our previous progress report(s).

Remuneration

During the period, we have drawn remuneration of GBP 16,016.86 plus VAT which relates to the current period. This is in accordance with approval received from the creditors' committee.

During the period, we have paid disbursements of GBP 1,261.08 which relate to the previous period.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 19 January 2018 to 18 May 2018. We have also attached our charging and disbursements policy.

6 Conclusion of the special administration

6.1 Conclusion of the special administration

We submitted an application to Court to end the special administration in March 2018. This application was heard on 18 April 2018 in the High Court in London. The Court granted the Order sought, thereby confirming that we may cease to act, that the balance of funds available for distribution to clients and unsecured creditors, specifically those where missing bank details or KYC data did not allow for the dividend to be paid, be transferred to the Insolvency Service (operated by the Secretary of State), and confirmed the position regarding our discharge from liability.

A sealed copy of this Order is available on our website: <http://www.kpmg.com/uk/alpari>.

We have filed a copy of this final progress report with the Registrar of Companies together with the requisite notice.

The special administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.

As per the Court Order, we will be discharged from liability in respect of any action of ours as Joint Special Administrators 28 days after the date on which our appointment ceases to have effect.

Appendix 1 Statutory information

Company information

Company name	Alpari (UK) Limited
Date of incorporation	11 November 2004
Company registration number	05284142
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Special Administration information

Special Administration court reference	In the High Court of Justice, Chancery Division, Companies Court, No.526 of 2015.
Appointor	The High Court of Justice, Chancery Division, Companies Court (on application by Directors of the Company)
Date of appointment	19 January 2015
Joint Special Administrators' details	Samantha Bewick, Richard Heis and Ed Boyle
Former Joint Special Administrator	Mark Firmin
Prescribed Part distribution	The prescribed part is not applicable in this case as there is no qualifying floating charge holder.
Functions	The functions of the Joint Special Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1 to the Act.
Application of the EC Regulations	The EC Regulation on insolvency proceedings (ECIR) does not apply to the special administration as the Company is an investment undertaking providing services involving the holding of funds or securities for third parties and is therefore excluded by Article 1.2 of the ECIR.

Appendix 2 Joint Special Administrators' receipts and payments account (incl. movements in cost allocations).

Joint Special Administrators' abstract of receipts & payments - client estate

Statement of Affairs (USD)	USD	GBP (USD equiv)	EUR (USD equiv)	CHF (USD equiv)	AUD (USD equiv)	SGD (USD equiv)	JPY (USD equiv)	ZAR (USD equiv)	Total (USD) From 19/01/18 to 18/05/18	Total (USD) From 19/01/15 to 18/05/18
ASSET REALISATIONS										
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	-	14,760.80
Services to FSCS (agreed consideration)	-	-	-	-	-	-	-	-	-	239,958.34
98,989,057.14 Cash at bank	-	-	-	-	-	-	-	-	-	98,270,911.53
	-	-	-	-	-	-	-	-	-	98,525,630.67
OTHER REALISATIONS	-	-	-	-	-	-	-	-	-	
Bank interest, gross	-	-	-	-	-	-	-	-	-	47,816.06
eWallet Receipts	-	-	-	-	-	-	-	-	-	35,030.44
	-	-	-	-	-	-	-	-	-	82,846.50
COST OF REALISATIONS	-	-	-	-	-	-	-	-	-	
VAT reclaimed in GBP	-	-	-	-	-	-	-	-	-	(194,006.76)
Currency account transfers - In	-	-	-	-	-	-	-	-	-	22,901,721.20
Currency account transfers - Out	(16,410.15)	-	(24,214.25)	-	-	-	-	-	(40,624.40)	(23,754,428.27)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(14,611.48)
IT Suppliers	-	-	-	-	-	-	-	-	-	(1,110,785.50)
Unclaimed Dividends	(276,598.89)	-	-	-	-	-	-	-	(276,598.89)	(276,598.89)
Pre-Admin Client Refunds	-	-	-	-	-	-	-	-	-	(12,933.60)
Administrators' fees	-	-	-	-	-	-	-	-	-	(11,081,115.90)
Administrators' fees (pre-administration)	-	-	-	-	-	-	-	-	-	(59,730.27)
Administrators' disbursements	-	-	-	-	-	-	-	-	-	(59,373.31)
Irrecoverable VAT	-	-	-	-	-	-	-	-	-	(1,240,650.05)
Professional services	-	-	-	-	-	-	-	-	-	(47,902.32)
Agents'/Valuers' fees	-	-	-	-	-	-	-	-	-	(37,005.10)
Post Admin Client Receipt Refunds	-	-	-	-	-	-	-	-	-	(40,281.39)
Legal fees	-	-	-	-	-	-	-	-	-	(2,250,816.88)

	Legal fees (pre-admin)	-	-	-	-	-	-	-	-	-	(155,322.72)
	Sundry expenses	-	-	-	-	-	-	-	-	-	(20.76)
	Utilities	-	-	-	-	-	-	-	-	-	(12,532.12)
	Stationery & postage	-	-	-	-	-	-	-	-	-	(369.38)
	Call centre costs	-	-	-	-	-	-	-	-	-	(217,439.08)
	Storage costs	-	-	-	-	-	-	-	-	-	(18,763.22)
	Statutory advertising	-	-	-	-	-	-	-	-	-	(7,212.10)
	Rent	-	-	-	-	-	-	-	-	-	(167,311.78)
	Other property expenses	-	-	-	-	-	-	-	-	-	(38,845.91)
	Insurance of assets	-	-	-	-	-	-	-	-	-	(5,234.95)
	Wages & salaries	-	-	-	-	-	-	-	-	-	(1,526,323.84)
	PAYE & NIC	-	-	-	-	-	-	-	-	-	(974,005.23)
	Bank charges	(84.27)	-	-	-	-	-	-	-	(84.27)	(21,743.13)
	Rent deposit	-	-	-	-	-	-	-	-	-	(12,080.76)
		-	-	-	-	-	-	-	-	(317,307.56)	(20,435,723.50)
	CLIENT CREDITORS	-	-	-	-	-	-	-	-	-	
(96,407,400.45)	Client money distribution	(27,588.36)	-	-	-	-	-	-	-	(27,588.36)	(78,172,753.68)
		-	-	-	-	-	-	-	-	(27,588.36)	(78,172,753.68)
		-	-	-	-	-	-	-	-	-	
2,581,656.69		-	-	-	-	-	-	-	-	(344,895.92)	-
		-	-	-	-	-	-	-	-	-	
	REPRESENTED BY	-	-	-	-	-	-	-	-	-	
	Floating ch. VAT rec'able	-	-	-	-	-	-	-	-	-	-
	Client Distribution Account USD	(320,681.67)	-	-	-	-	-	-	-	(320,681.67)	
	Post Admin Client Account	-	-	-	-	-	-	-	-	-	-
	Floating charge current	-	-	(24,214.25)	-	-	-	-	-	(24,214.25)	-
	Floating ch. VAT payable	-	-	-	-	-	-	-	-	-	-
	Floating ch. VAT control	-	-	-	-	-	-	-	-	-	-
	Due to House Estate	-	-	-	-	-	-	-	-	-	-
										(344,895.92)	-

Joint Special Administrators' abstract of receipts & payments - house estate

Statement of Affairs (£)	GBP (£)	USD (£ equiv)	EUR (£ equiv)	CHF (£ equiv)	AUD (£ equiv)	SGD (£ equiv)	JPY (£ equiv)	ZAR (£ equiv)	Total (£) From 19/01/18 to 18/05/18	Total (£) From 19/01/15 to 18/05/18
FIXED CHARGE ASSETS										
Rent deposit	-	-	-	-	-	-	-	-	-	-
									-	-
FIXED CHARGE CREDITORS										
(1,449,161.79) Fixed charge creditor (Landlord)	-	-	-	-	-	-	-	-	-	-
									-	-
ASSET REALISATIONS										
60,351.35 Other debtors	-	-	-	-	-	-	-	-	-	8,487.92
Plant & machinery	6,440.00	-	-	-	-	-	-	-	6,440.00	6,440.00
Uncertain Furniture & equipment	-	-	-	-	-	-	-	-	-	147,085.86
Contribution to Administrators Costs	-	-	-	-	-	-	-	-	-	4,251.99
7,218,155.93 Bad debt provision (clients)	-	-	-	-	-	-	-	-	-	-
Services to FSCS (agreed consideration)	8,236.40	-	-	-	-	-	-	-	8,236.40	95,836.08
Property rights/Patents	-	-	-	-	-	-	-	-	-	4,432,476.00
4,420,686.54 Intercompany loans & receivables	-	-	-	-	-	-	-	-	-	-
Sale of Subsidiary (SoFA Uncertain)	-	-	-	-	-	-	-	-	-	1,675,000.00
39,346.75 Book debts	13,701.00	-	-	-	-	-	-	-	13,701.00	1,730,803.42
Sale of Subsidiary	-	-	-	-	-	-	-	-	-	-
Sale of Client Details	-	-	-	-	-	-	-	-	-	1,130,345.76
265,851.26 Global Collect Reserves	-	-	-	-	-	-	-	-	-	-
Legal disbursements refunded	1,254.62	-	-	-	-	-	-	-	1,254.62	1,254.62
42,493.45 VAT refunds (pre-appointment)	-	-	-	-	-	-	-	-	-	18,935.83
10,933,584.85 Cash at bank	-	-	-	-	-	-	-	-	-	8,983,315.09
Insurance refund	-	-	-	-	-	-	-	-	-	48,318.95
									29,632.02	18,282,551.52
OTHER REALISATIONS										
Bank interest, gross	5,945.75	-	-	-	-	-	-	-	5,945.75	73,527.98
Brokerage receipts	-	-	-	-	-	-	-	-	-	263,858.09
EP(C)A funds	-	-	-	-	-	-	-	-	-	1,195,864.55

eWallet Receipts	-	-	-	-	-	-	-	-	-	-
Sundry refunds	-	-	-	-	-	-	-	-	-	11,314.76
Rent deposit refund	-	-	-	-	-	-	-	-	-	23,484.87
Telephone	(393.51)	-	-	-	-	-	-	-	(393.51)	(590.52)
Software Licenses	-	-	-	-	-	-	-	-	-	16,466.00
									5,552.24	1,583,925.73
COST OF REALISATIONS										
VAT reclaimed in GBP	161,026.14	-	46,288.23	-	-	-	-	-	207,314.37	153,718.98
Currency account transfers - In	180,336.58	-	-	-	-	-	-	-	180,336.58	13,628,050.15
Currency account transfers - Out	-	-	(152,340.76)	-	-	-	-	-	(152,340.76)	(15,002,080.97)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(3,081.16)
ISA Charges	(978.30)	-	-	-	-	-	-	-	(978.30)	(978.30)
IT Suppliers	(49,344.23)	-	(36,462.19)	-	-	-	-	-	(85,806.42)	(529,468.23)
Administrators' fees	(7,814.83)	-	-	-	-	-	-	-	(7,814.83)	(2,344,689.18)
Administrators fees (pre-administration)	-	-	-	-	-	-	-	-	-	(12,595.50)
Administrators' disbursements	-	-	-	-	-	-	-	-	-	(16,565.25)
Irrecoverable VAT	(7,328.17)	-	(894.88)	-	-	-	-	-	(8,223.05)	(356,834.44)
Professional Services	(7,500.00)	-	-	-	-	-	-	-	(7,500.00)	(17,601.30)
Agents'/Valuers' fees	-	-	-	-	-	-	-	-	-	(36,256.34)
CCI legal fees	(882.95)	-	-	-	-	-	-	-	(882.95)	(125,169.04)
Legal fees	(18,000.00)	-	-	-	-	-	-	-	(18,000.00)	(761,537.58)
Legal fees (pre-administration)	-	-	-	-	-	-	-	-	-	(32,753.36)
Corporation tax	(547.01)	-	-	-	-	-	-	-	(547.01)	(6,249.10)
Sundry Expenses	-	-	-	-	-	-	-	-	-	(109.75)
Utilities	-	-	-	-	-	-	-	-	-	(2,642.68)
Stationery & postage	-	-	-	-	-	-	-	-	-	(77.89)
Call Centre Costs	-	-	-	-	-	-	-	-	-	(46,243.81)
Storage costs	(17,893.22)	-	-	-	-	-	-	-	(17,893.22)	(27,147.83)
Statutory advertising	-	-	-	-	-	-	-	-	-	(1,049.96)
Rent	-	-	-	-	-	-	-	-	-	(35,281.52)
Other property expenses	-	-	-	-	-	-	-	-	-	(8,191.55)
Insurance of assets	-	-	-	-	-	-	-	-	-	(2,874.91)
Wages & salaries	-	-	-	-	-	-	-	-	-	(321,860.36)
PAYE & NIC	-	-	-	-	-	-	-	-	-	(205,391.33)
Bank charges	(9,489.93)	-	-	-	-	-	-	-	(9,489.93)	(22,481.42)
Unclaimed dividends	(183,494.57)	-	-	-	-	-	-	-	(183,494.57)	(183,494.57)
Rent Deposit	-	-	-	-	-	-	-	-	-	(15,182.94)
									(105,320.09)	(6,336,121.14)
PREFERENTIAL CREDITORS										
Employees' wage arrears	-	-	-	-	-	-	-	-	-	(171.60)

(69,135.00)	Preferential creditors (holiday & wages)	-	-	-	-	-	-	-	-	-	(100,406.11)
	EP(C)A bal. & redundancy	(68,694.47)	-	-	-	-	-	-	-	(68,694.47)	(127,056.80)
	UNSECURED CREDITORS	-	-	-	-	-	-	-	-	-	-
(10,017,707.39)	Trade & expense (incl. brokers)	-	-	-	-	-	-	-	-	-	-
	Dividend to unsecured creditors	(7,026,052.43)	-	-	-	-	-	-	-	(7,026,052.43)	(13,156,615.49)
(3,581,023.45)	Employees & pension contributions	(76,209.58)	-	-	-	-	-	-	-	(76,209.58)	(146,106.11)
(7,934,269.21)	Shortfall to Fxd Ch. Cred. (Landlord)	-	-	-	-	-	-	-	-	-	-
(12,198,392.35)	Professional clients	-	-	-	-	-	-	-	-	-	-
(632,439.73)	Intercompany balances	-	-	-	-	-	-	-	-	-	-
(89,079.21)	HMRC - general betting duty	-	-	-	-	-	-	-	-	-	-
										(7,170,956.48)	(13,530,356.11)
	DISTRIBUTIONS										
(4,484,532.00)	Ordinary shareholders	-	-	-	-	-	-	-	-	-	-
(16,026,108.21)										(7,241,092.31)	-
	REPRESENTED BY										
	Distribution Account	(2,380,031.43)	-	-	-	-	-	-	-	(2,380,031.43)	-
	Floating ch. VAT rec'able	811.68	-	-	-	-	-	-	-	811.68	-
	Distribution Account GBP	-	-	-	-	-	-	-	-	-	-
	Floating charge current	(4,885,358.66)	-	(188,802.95)	-	-	-	-	-	(5,074,161.61)	-
	Floating ch. VAT payable	(1,634.95)	-	-	-	-	-	-	-	(1,634.95)	-
	Floating ch. VAT control	168,530.65	-	45,393.35	-	-	-	-	-	213,924.00	-
	Inter-case VAT control	-	-	-	-	-	-	-	-	-	-
	Due from CMP	-	-	-	-	-	-	-	-	-	-
										(7,241,092.31)	-

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with the concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Sebastian Kopis, c/o KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL.

Appendix 3 Joint Special Administrators' charging and disbursements policy

Joint Special Administrators' charging policy

The time charged to the special administration is by reference to the time properly given by us and our staff in attending to matters arising in the special administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the special administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact the Alpari helpline on 0333 202 1397.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this special administration. Time is charged by reference to actual work carried out on the special administration; using a minimum time unit of six minutes.

All staff who have worked on the special administration, including cashiers and secretarial staff, have charged time directly to the special administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the special administration but is reflected in the general level of charge-out rates.

Grade	From 01 Nov 2016 £/hr
Partner	835
Director	740
Senior Manager	645
Manager	515
Senior Administrator	375
Administrator	285
Support	142

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party.

These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 19 January 2018 to 18 May 2018.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs	117.72		NIL		117.72
Postage	278.98		NIL		278.98
Total	396.70		NIL		396.70

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 19 January 2018 to 18 May 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ issuing regular press releases and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ dealing with all closure related formalities; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the special administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the special administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the special administration;

	<ul style="list-style-type: none"> ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions. ■ formulating strategy and discussions with FCA and lawyers regarding closure of the CMP.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments; ■ utilising internet banking to ensure client and creditor distributions are made electronically; ■ arranging currency transfers; ■ final reconciliations and closure of accounts.
Tax	<ul style="list-style-type: none"> ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working on tax returns relating to the periods affected by the special administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance, including agreeing that the Company is not a banking company and the date of cessation of trade; ■ preparing post appointment VAT returns; ■ obtaining tax clearance and deregistering for VAT.
General (Fees and WIP)	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by the creditors' committee; ■ dealing with the ongoing storage of Company books and records; ■ liaison with FCA regarding client record storage requirements.
Asset realisations	<ul style="list-style-type: none"> ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with contractors (former employees) and communicating with debtors; ■ seeking legal advice in relation to book debt collections; ■ document and implement formal process to identify and provide all relevant documents required to be disclosed in litigation proceedings; ■ ongoing support to lawyers to progress debtor claims.
Health and safety	<ul style="list-style-type: none"> ■ liaising with the Health and Safety Executive regarding the special administration and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Creditors and claims	<ul style="list-style-type: none"> ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the special administration and submission of their claims; ■ monitor, maintain, and close the Claims Portal; ■ calculation and treatment of client unsecured claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ agree client, preferential and unsecured creditor claims; ■ completing necessary KYC checks at each distribution; ■ liaising with the FSCS to provide updated client details and status of claims; ■ drafting progress report; ■ arranging bulk emails and portal communication in order to encourage clients to agree their claims; ■ preparing for the final dividend to unsecured creditors; ■ payment of unclaimed dividends to the Insolvency Service.
Committees	<ul style="list-style-type: none"> ■ dealing with the formation of the Creditors' Committee, arranging and chairing meetings of the Creditors' Committee and providing regular reports
Regulatory	<ul style="list-style-type: none"> ■ liaising with the FCA and Ashurst in respect of the FCA waiver modification; ■ providing regular updates to the FCA in respect of the progress of the Special Administration; ■ responding to FCA's information requests.
IT	<ul style="list-style-type: none"> ■ decommissioning of IT systems and closure of data centre; ■ ensuring continuity of provision of IT services and related data.

Time costs

SIP 9 – Time costs analysis (19/01/2018 to 18/05/2018)							
	Hours				Time Cost (£)	Average Hourly Rate (£)	
	Partner / Director	Manager	Administrator	Support			Total
Administration & planning							
Bankrupt/Director/Member							
General correspondence			1.50		1.50	75.00	50.00
Cashiering							
General (Cashiering)	0.70	20.20	33.00		53.90	22,822.50	423.42
Reconciliations (& IPS accounting reviews)		0.40	5.30		5.70	1,851.50	324.82
General							
Books and records	0.40	2.60			3.00	1,635.00	545.00
Statutory and compliance							
Checklist & reviews		0.60	0.20		0.80	384.00	480.00
Closure and related formalities	10.90	130.60	38.75		180.25	86,368.75	479.16
Statutory receipts and payments accounts		1.40			1.40	721.00	515.00
Tax							
Initial reviews - CT and VAT		0.80			0.80	412.00	515.00
Post appointment corporation tax	0.20	4.60	2.30		7.10	3,379.50	475.99
Post appointment VAT	0.10	3.90	12.50		16.50	5,645.00	342.12
Creditors							
Creditors and claims							
Agreement of preferential claims		0.10			0.10	51.50	515.00
Agreement of unsecured claims			13.10		13.10	4,912.50	375.00
General correspondence	0.20	0.80	1.25		2.25	916.25	407.22
Payment of dividends	20.20	73.10	38.65		131.95	58,394.75	442.55
Statutory reports	3.20	21.00	19.35		43.55	18,697.75	429.34
Employees							
Correspondence		3.60	3.30		6.90	3,091.50	448.04
General analysis							
asset realisation							
Cash and investments - client monies	1.40				1.40	1,036.00	740.00

SIP 9 – Time costs analysis (19/01/2018 to 18/05/2018)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Creditors and claims							
Clients - FSCS		0.60			0.60	309.00	515.00
Clients - professional - agreement of account		8.00			8.00	4,120.00	515.00
Clients - retail - agreement of account		0.80			0.80	412.00	515.00
Clients - retail - general correspondence		2.00			2.00	1,030.00	515.00
Clients - retail - payment of dividend		97.30	17.40		114.70	55,599.50	484.74
General							
IT, Systems, cut off and information		4.00			4.00	2,060.00	515.00
Statutory and compliance							
FCA- regulatory	0.30				0.30	222.00	740.00
Investigation							
Investigations							
Correspondence re investigations			2.20		2.20	627.00	285.00
Realisation of assets							
Asset Realisation							
Debtors	0.60	0.80			1.40	856.00	611.43
Trading code used outside trading period							
Trading							
Purchases and trading costs		1.00	12.30		13.30	4,020.50	302.29
Total in period	38.20	378.20	201.10	0.00	617.50	279,650.50	452.88

Brought forward time (appointment date to SIP 9 period start date)	32,488.31	13,649,622.70
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	617.50	279,650.50
Carry forward time (appointment date to SIP 9 period end date)	33,105.81	13,929,273.20

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Glossary

Alpari UK/Company	Alpari (UK) Limited – in Special Administration
Ashurst	Ashurst LLP
Authorities	The Bank of England and the Financial Conduct Authority
Bar date	Deadline for submitting Client Money Claims which was set as 30 October 2016
CASS rules	The rules comprised in the Financial Conduct Authority's Client Assets Sourcebook
CCI Legal	CCI Legal Services Limited
Client	A person for whom the Company has undertaken to receive or hold client assets, including client money, whether or not on trust and whether or not that undertaking has been complied with pursuant to the definition of "client" set out in Regulation 2 (<i>Interpretation</i>) of the Regulations.
CMP	Client Money Pool
Contractual Claim Amount	The claim which clients have against the House estate
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme

GBP	Great British Pound
HMRC	Her Majesty's Revenue and Customs
Joint Special Administrators/JSA/we/our/us	Samantha Bewick, Richard Heis and Ed Boyle (previously Samantha Bewick, Richard Heis and Mark Firmin)
KPMG	KPMG LLP
KYC	Know Your Client
Regulations	The Investment Bank Special Administration Regulations 2011
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
UK	United Kingdom
USD	United States Dollar

Any references in this progress report to Paragraphs are Paragraphs in Schedule B1 of the Insolvency Act 1986. Any references in this progress report to Rules relate to the Investment Bank Special Administration (England & Wales) Rules 2011.

Appendix 6 Notice: About this report

This report has been prepared by Samantha Bewick, Richard Heis and Ed Boyle, the Joint Special Administrators of Alpari (UK) Limited – in Special Administration (the ‘Company’), solely to comply with their statutory duty under Rule 122 of the Investment Bank Special Administration (England & Wales) Rules 2011 to report to clients and creditors on the progress of the Special Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for clients and creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for clients and creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under Rule 122 of the Investment Bank Special Administration (England & Wales) Rules 2011 does so at its own risk. To the fullest extent permitted by law, the Joint Special Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Samantha Rae Bewick, Richard Heis and Edward George Boyle are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Special Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Special Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the Special Administration.

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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