

Frequently asked questions – Alpari (UK) Limited (in special administration)

Q. What is a special administration?

A. The Investment Bank Special Administration Regulations 2011 (“Special Administration Regulations”) were introduced in an attempt to improve the process where an investment bank fails. In part, the Special Administration Regulations are an attempt to learn lessons from the failure of Lehman Brothers and the administration of Lehman’s European business. In many respects a special administration is very similar to an ordinary administration. As such, it is subject to the supervision of the English High Court in London. However, some of the differences are set out below:

A) The special administrators have to pursue three objectives (although the order in which they appear is not important):

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

B) Client money held in segregated accounts where there are sufficient funds to repay all eligible clients in full will be returned to clients. One of the immediate priorities of the special administrators will be to establish the claims against the segregated accounts.

As in an ordinary administration where sufficient realisations are made to enable dividends to be paid, in due course, the special administrators expect to pay dividends to unsecured creditors who submit proofs of claim by the last date for proving (that we will notify shortly).

C) A creditors’ committee can be established to assist the special administrators to fulfil their functions. Membership may include both creditors and clients with claims against the segregated client funds only. A committee of between 3 and 5 members will be formed at an initial meeting of creditors to be held as soon as is reasonably practicable and, in any event (absent an order of the Court extending time), within 10 weeks of the date on which Alpari (UK) Limited went into special administration.

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

Q. Which business does the special administration cover?

A. Alpari (UK) Limited has been placed into special administration. The company has subsidiaries in Japan, India, Germany, China and Australia. There are also group companies in Dubai, Cyprus and Russia.

No other subsidiaries or companies in the group are covered by the special administration order and the special administrators are not able to advise on matters to do with them. Clients/creditors of any other businesses should speak to their usual contact.

Q. Does Alpari (UK) Limited trade under any other names?

A. Yes – Alpari (UK) Limited provided financial spread betting under a number of different trading styles.

These alternative trading styles included the following (this list is not exhaustive):

• Alpari FX
• AlpariFX
• AUK
• Quantum FX
• QuantumFX

Q. Why has Alpari (UK) Limited entered special administration?

A. Alpari (UK) Ltd applied for insolvency on Monday 19 January 2015 following the decision on Thursday 15 January 2015 by the Swiss National Bank to remove the informal peg to the euro at around 1.20 Swiss francs. The announcement by the SNB prompted volatility across the foreign exchange markets which saw the company and many of its clients make losses. After a weekend spent in urgent discussions with various parties with a view to selling the company, these efforts were ultimately unsuccessful.

Q. Alpari (UK) Limited announced that they were trying to sell the company, is that not happening?

A. After a weekend spent in urgent discussions with various parties with a view to selling the company, these efforts were ultimately unsuccessful.

We have had a number of enquiries from interested parties in relation to the company's business. We will be speaking with these parties and others over the next few days, and hope to secure a deal to preserve the business and jobs as far as possible.

The special administrators are pursuing all options available to maximise realisations for clients and creditors and will provide an update in due course.

Clients

Q. What is the difference between retail and professional clients?

A. Retail clients are primarily private individuals holding trading accounts with the Company; investments made by retail clients are afforded greater protection under the FCA regulations and will generally have a segregated claim against the client money pool. The majority of the Company's clients are classified as retail clients.

Professional clients are individuals or entities that are considered to possess the experience, knowledge and expertise to make their own investment decisions and assess the risks inherent in those decisions. These clients are afforded less protection by the FCA and as a result may not receive segregated protection. Instead, these clients may be non-segregated and therefore have an unsecured creditor claim against the ordinary funds (the House Estate) of the Company.

The classification of the claim will depend on the account documentation established between the Company and client.

Q. Are you a retail or professional client?

Retail

Q. What does this mean for retail clients with open positions/cash balances?

A. All clients with any open positions had their position closed out as at the close of the markets on Friday 16 January 2015. On administration, there is a pooling event under the FCA's Client Asset rules, which means that all clients are entitled to share on a pro-rata basis in the client money pool.

Q. My funds were held in a segregated account, why can't they just be returned?

Segregated accounts are held together with all of the firm's client money in omnibus accounts designated as client monies at banks or exchanges/clearing houses. Pursuant to the FCA's Client Asset rules, on insolvency all these designated accounts are pooled and any segregated client is entitled to a share in the pool on a pro-rata basis. Until the overall total of claims against the segregated pool is established, money cannot be returned to individual clients having a claim against the segregated pool.

Q. Do I have a claim into the client money pool?

If you are a retail client and are owed money, you should have a claim against the client money pool.

Q. Does Alpari (UK) Limited have a client money deficit?

As far as the special administrators are aware, Alpari (UK) Limited does not have a client money deficit, however the special administrators need to reconcile the position before they can confirm this.

Q. I would like to close my account now and have the funds remitted to me – can you action this?

A. The Company is unable to action requests for withdrawals from client accounts, including requests made prior to the appointment of the special administrators that remain outstanding. If you held an account that had a cash balance and/or trade positions at the date of appointment you will be required to follow the claims process in order to receive a distribution for amounts owed to you. Details of the claims process will be published on the website shortly. Unfortunately we are unable to provide any further details on possible timings or the quantum of any distributions at this time.

Q. Will I get a statement of amounts due to/from me?

A. Yes, you will receive one in due course. This will confirm both the value of your claim and its classification (either client money or creditor). Information will also be provided should you wish to dispute your statement.

Q. Can I make a claim to the Financial Services Compensation Scheme (FSCS) for amounts owed to me by Alpari (UK) Limited?

A. The FSCS is the compensation fund for retail customers of authorised financial services firms. It protects private individuals and small businesses if an authorised firm becomes insolvent and cannot return money or investments to its customers. For eligible claims, the FSCS can pay up to £50,000 in compensation per person. If claims are paid by the FSCS, the FSCS will then assume those client claims against Alpari (UK) Limited.

The special administrators will work with the FSCS to determine the position. Further updates will be given as this process continues but at present no further information can be given.

Q. What if I owe Alpari (UK) Limited money?

A. You will be asked to pay that money. We will write to you with details of where the money should be paid.

Q. Where should I direct further queries?

A. A mailbox has been set up for those affected by the special administration of Alpari (UK) Limited (alpariukclaims@kpmg.co.uk); please direct any further queries to this address. This mailbox is being monitored by the Joint Special Administrators staff and they will endeavour to answer your queries as soon as possible. However, due to the volume and similarity of certain queries being received, certain queries will be addressed through updates on the Joint Special Administrators' website. Please monitor the website for latest updates at www.kpmg.com/uk/alpari.

Q. How do I advise the special administrators of any matter?

A. If you wish to advise the special administrators of any matters please email them at alpariukclaims@kpmg.co.uk.

Q. Are you a retail or professional client?

Professional

Q. What does this mean for professional clients with open positions/cash balances?

A. All clients with any open positions had their position closed out as at the close of the markets on Friday 16 January 2015.

Q. Will I get a statement of amounts due to/from me?

A. Yes, you will receive one in due course. This will confirm both the value of your claim and its classification (either client money or creditor). Information will also be provided should you wish to dispute your statement.

Q. Do I have a claim into the client money pool?

If you are a professional client you do not have a claim against the client money pool, you will have a claim against the other assets of the company.

Q. What if I owe Alpari (UK) Limited money?

A. You will be asked to pay that money. We will write to you with details of where the money should be paid.

Supplier

Q. I am a supplier of Alpari (UK) Limited, what should I do?

A. The special administrators will write to you in due course regarding outstanding balances and ongoing supply, however, please contact David Ossa of KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB (c/o alpariukclaims@kpmg.co.uk) in the first instance.

Creditor

Q. I am a creditor of Alpari (UK) Limited, what should I do regarding outstanding balances?

A. Are you a supplier or a client? (Suppliers and clients please see the relevant section above). All other creditors: The special administrators will write to you in due

course regarding outstanding balances and ongoing supply, however, please contact David Ossa of KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB (c/o alpariukclaims@kpmg.co.uk) in the first instance.

CONTACT DETAILS

Website: www.kpmg.com/uk/Alpari
Email: alpariukclaims@kpmg.co.uk
Phone: 0333 202 1397