

The Investment Bank Special Administration (England and Wales) Rules 2011

Special Administrator's progress report

Name of Company AFX Markets Ltd

Company number 07612002

In the Business & Property Courts Insolvency & Companies List (full name of court)

Court case number CR-2019-005638

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Jonathan E Avery-Gee
CG&Co
Greg's Building
1 Booth Street
Manchester
M2 4DU

Daniel Richardson
CG&Co
Greg's Building
1 Booth Street
Manchester
M2 4DU


Special Administrators of the above company attach a progress report for the period

(b) Insert date

From (b) 27 August 2019

To (b) 26 February 2020

Signed


 Joint Special Administrators

Dated

20 March 2020

Joint Special Administrators' Progress Report

In the High Court of Justice, Business and Property Courts of England and Wales

Court reference: CR-2019-005638

**AFX Markets Ltd
- In Special Administration**

26 February 2020

AFX MARKETS LTD - IN SPECIAL ADMINISTRATION

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THE JOINT SPECIAL ADMINISTRATOR'S PROGRESS REPORT

1 Introduction

- 1.1 I, together with my partner Daniel Richardson, were appointed Joint Special Administrators ("the Administrators") of AFX Markets Ltd (the Company) on 27 August 2019. The appointment was made in the High Court of Justice, Business and Properties Courts of England & Wales, in accordance with the provisions of The Investment Bank Special Administration Regulations 2011, following an application by the Financial Conduct Authority ("FCA").
- 1.2 This Administration is being handled by CG&Co at Greg's Building, 1 Booth Street, Manchester, M2 4DU. The Administrators' contact details are by phone on 0161 358 0210 or via email at afxmarkets@cg-recovery.com. The Administration is registered in the Business & Property Courts Insolvency & Companies List, reference number CR-2019-005638.
- 1.3 The functions of the Administrators may be exercised by any one or more of them acting jointly or alone.
- 1.4 The Administrators act as Agents of the Company without personal liability.
- 1.5 The trading address of the Company was 2nd Floor, 33 Sun Street, London, EC2M 2PY.
- 1.6 The registered office of the Company is Greg's Building, 1 Booth Street, Manchester, M2 4DU and its registered number is 07612002.
- 1.7 As Administrators, we are required to provide a progress report covering the period of six months commencing from the date the Company entered Special Administration and every subsequent period of six months. This progress report covers the period from 27 August 2019 to 26 February 2020 ("the Period") and should be read in conjunction with the Joint Special Administrators Proposals report which was issued on 18 October 2019 and is available for viewing and download at www.cg-recovery.com/afxmarkets.
- 1.8 On 5 November 2019, at an initial meeting of clients and creditors, the Administrators Proposals were approved without modification. In addition, a Resolution was passed that a Creditors Committee be constituted. The Committee was formally constituted on 27 November 2019. Further information on the Creditors Committee can be found at Section 3 of this Report.
- 1.9 Information about the way that we will use, and store personal data on insolvency appointments can be found in the attached Privacy Notice at Appendix D.
- 1.10 Please note that the EU Regulation on Insolvency Proceedings (2015/848) does not apply to the Special Administration.

2 Progress of the Administration

- 2.1 You may recall that the Administrators have three Objectives, which are set out in the Regulations, namely
- (i) *To ensure the return of Client Money as soon as is reasonably practicable;*
 - (ii) *To ensure timely engagement with market infrastructure bodies and the Authorities; or*
 - (iii) *Either (a) rescue the Company as a going concern; or (b) to wind it up in the best interests of creditors.*

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- 2.2 The Regulations require the Administrators to commence work on each Objective immediately after their appointment. No one Objective takes priority over the others, the Administrators must work towards achieving the best outcome overall for Clients and Creditors.
- 2.3 The Administrators are pursuing Objective (i) as a priority whilst concurrently pursuing Objectives (ii) and (iii). As mentioned earlier, the Administrators are in communication with market infrastructure bodies and the Authorities. The Administrators consider it is not possible to rescue the Company as a going concern and will take the necessary steps to wind up the Company's affairs.
- 2.4 In addition to pursuing this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- 2.5 This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- 2.6 At Appendix A is our Receipts and Payments Account covering the period of this report.
- 2.7 Attached at Appendix B is a time analysis outlining the time spent by the Administrators and their staff during the Period.
- 2.8 Further information about the basis of remuneration agreed in this case and the Administrators' fees can be found in section 5 of this report.

Administration (including statutory compliance & reporting)

- 2.9 As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986; the Investment Bank Special Administration Regulations 2011; the Investment Bank Special Administration (England and Wales) Rules 2011; and other related legislation.
- 2.10 Details about the work that we have undertaken in this area can be summarised as follows:
- Notifying creditors of the Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
 - Formulating, monitoring and reviewing the Special Administration strategy
 - Review of Client Accounts and dealing with Client queries, details of which are provided further in this report. Receiving and responding to client emails (total emails 3,214)
 - Dealing with queries arising during the appointment
 - Reviewing matters affecting the outcome of the Special Administration
 - Consideration of foreign exchange conversion on claims
 - Setting up Special Administration bank accounts, including trust account for client monies and dealing with the Company's pre-appointment accounts.
 - Liaising and attending meetings with the FCA as regards strategy
 - Liaising and attending meetings with the FSCS as regards strategy for the payment of compensation to Clients, details of which are explained further in this report.
 - Liaising with legal advisors regarding the pursuit of monies in Switzerland and Cyprus; the lifting of the Freezing Order; and possible Director preferences.

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- Collating information from the Company's records regarding the assets and liaising with Agents regarding the uplift and sale of those assets
 - Arranging insurance cover for the assets
 - Drafting and circulating our proposals to Members, Clients and Creditors for achieving the objectives of the Special Administration and thereafter providing periodic progress reports to Members, Clients and Creditors (typically every 6 months)
 - Convening and preparing for the Initial Meeting of Clients and Creditors and attendance at that meeting.
 - Creating and updating the list of clients and unsecured creditors as and when claims are received and responding to all enquiries by telephone; email and post.
 - Lodging periodic returns with the Registrar of Companies for the Administration
 - Complying with statutory duties in respect of the Administrators' specific penalty bond
 - Reconciling post-appointment bank accounts to internal systems
 - Creation and update of case files on the firm's insolvency software
 - Documenting strategy decisions
 - Redirection of the Company's mail to the Administrators' office. Reviewing and responding to letters received.
 - Establishing and holding periodic meetings of the creditors' committee and associated filing formalities
 - Securing the Company's books and records
 - Pension regulatory reporting and auto-enrolment cancellation
 - Completion and filing of the notice of the Company's insolvency to HMRC.
 - Periodic case progression reviews
 - Opening, maintaining and managing the Administration estate cashbook and bank accounts
 - Submission of all post-appointment VAT Returns
 - Dealing with employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company.
 - Reviewing time cost data and producing analyses of time incurred which is compliant with Statement of Insolvency Practice 9
 - Initial assessment required by Statement of Insolvency Practice SIP2 and the Company Directors Disqualification Act 1986 ("CDDA") including the review of the Company books and records and the identification of potential further asset realisations which may be pursued in the Administration
- 2.11 It should be noted that the statutory requirement part of this work will not necessarily bring any financial benefit to clients or creditors but is required to be undertaken in all cases.

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Client Account Monies

- 2.12 Please note that all figures shown have been converted from the relevant currencies into Sterling for the purposes of this report and any subsequent reports.
- 2.13 For the purpose of this Special Administration the conversion rate on the day of the Appointment of the Administrators on **27 August 2019** has been used and are listed below. It should be noted that due to exchange rate fluctuations that the conversion to GBP may differ to those stated.

Sterling	£1.00	= £1.00
Euro	€1.00	= £0.9028
US Dollar	\$1.00	= £0.8141
Swiss Franc	CHF1.00	= £0.82939

Client Monies – UK

- 2.14 As previously advised, at the date of the Administrators appointment, the Company was stated as having 603 live accounts with a value of €8,491,040.62 with a conversion rate into GBP of £7,665,711.47. This is the level of funds which the Administrators would have expected to see within the Company's bank accounts.

Barclays Bank plc

- 2.15 The balances held within the various Barclays Bank accounts are as follows:-

Currency		Conversion value in GBP
GBP	£ 131,552.01	£131,552.01
EUR	€ 309,545.49	£279,457.67
USD	\$ 16,965.13	£ 13,811.31
CHF	CHF 8,813.13	£ 7,309.52
AUD	\$ 0.00	£ 0.00
Total		£432,130.51

- 2.16 There is currently a worldwide Freezing Order against the Company's assets, including these funds and attempts are being made to have that Order lifted in order that those funds can be transferred to the control of the Administrators.
- 2.17 A Freezing Order was obtained by a number of Plaintiffs represented by a single lawyer in Cyprus claiming to be creditors of/investors in the Company. The Freezing Order has been continued and the next hearing is on 2 April 2020 at which point the solicitors instructed by the Administrators are instructed to seek the withdrawal of that Freezing Order and will submit evidence (via their Cypriot law firm agents) to demonstrate the justification for so doing. These matters were discussed with the Creditors Committee and whilst this will result in increased legal fees due to the expense of attending the Court in Cyprus, all efforts to facilitate a negotiated settlement and the release of the Freezing Order have to date proved unsuccessful. Our UK solicitors will continue to attempt to resolve the matter by negotiation but will instruct their Cypriot agents to attend at the hearing on 2 April and continue to protect the interests of all stakeholders in this matter.
- 2.18 Whilst the Freezing Order remains in force, Barclays will hold the funds and not release these until the dispute is resolved.

Client Monies – Switzerland

- 2.19 The Company operated an account with Swissquote Bank, who are based in Switzerland. To date there is a reluctance by the Bank to provide any information. Therefore, in order to obtain

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this information, it will need to be by way of a Section 236 Insolvency Act 1986 Application (inquiry into Company's dealings) and Court Order.

- 2.20 Even if such an Order was obtained in the UK it would then need to be registered in Switzerland. The costs for trying to enforce such an Order in Switzerland is estimated at between £25,000 to £35,000 and the biggest part of that expense would be enforcing such an Order.
- 2.21 The Administrators are keen to establish whether there will be a benefit to the Estate, as this could be a large expense to find that there are no funds held in the account. We are in discussions with the Committee about this task, in particular, the Financial Services Compensation Scheme ("FSCS") as they will soon be the largest creditor of the Company.

Monies held by AFX Capital Markets Ltd ("Capital") in Cyprus

- 2.22 Despite attempts to obtain information in respect of the funds held in the Capital account from the Cyprus Securities and Exchange Commission in Cyprus ("CySEC"), CySEC has yet to provide any information in this matter as they are still carrying out their own investigations into the affairs of Capital. They have indicated that they will not disclose information until they have completed their investigations.
- 2.23 The Administrators are liaising with the FCA to see whether they can encourage CySEC to provide information which will assist our investigations. Until CySEC report their findings to the Administrators and for the FCA we are unable to comment on the Client funds position of Capital in Cyprus.

NatWest Markets Account

- 2.24 The Company operated an FX Cash Call Account with NatWest Markets. The Company had a Supply of Services Agreement with MFP Trading Limited (MFP Trading), and this bank account was utilised for this operation. At the commencement of the agreement, the Company deposited \$500,000.00 (£407,050) to fund the trading.
- 2.25 Following the closure of those accounts a sum of £531,891.58 (\$653,349.20) has been received from Nat West Markets. MFP Trading is claiming that funds in excess of \$500,000 is owed to them. The Administrators and their legal advisers are currently reviewing the documentation provided in support of MFP Trading's claim. Irrespective of this claim, the funds are currently subject to the Freezing Order referred to at point 2.16 above, and cannot be used within the Special Administration.

Realisation of Assets

Furniture & Equipment

- 2.26 The Company had a quantity of office furniture; equipment and computers which has been collected by our Agents GARC Limited of Manchester and which were estimated to realise £3,323. Following the sale of the equipment at auction a sum of £2,691.66 has been realised and the Agents will shortly be accounting to the Administrators with the sale proceeds, details of which will appear in the next progress report.

Petty Cash

- 2.27 Following the closure of the Company's office in London on 27 August 2019 a sum of £124.63 was recovered from the petty cash box.

Bank Interest Gross

- 2.28 During the course of the Administration a sum of £472.08 has been received by way of gross bank interest.

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- 2.29 The work undertaken by the Administrators and their staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to clients/creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to client/creditors in our progress reports.

Clients & Creditors (claims and distributions)

- 2.30 Further information on the anticipated outcome for clients and creditors in this case can be found at section 6 of this report. The Administrators are not only required to deal with correspondence and claims from clients; unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.31 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Office ("RPO") following dismissal.
- 2.32 The above work will not necessarily bring any financial benefit to creditors generally, however the Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more clients/creditors a Company has, the more time and cost will be involved by the Administrators in dealing with those claims.
- 2.33 We consider the following matters worth noting in our report to clients and creditors at this stage:
- There are approximately 12 unsecured creditor claims in this Administration with an estimated value of £383,460.
 - HM Revenue & Customs has submitted a claim in the sum of £885 for VAT and a claim in the sum of £209,655 for Corporation Tax.
 - There were 603 clients on the list provided by the Directors showing a total sum of £7,665,711 being owed.
 - There are 316 clients on the list provided by the Directors showing that no debt was owed to them.
 - There were 4 employees who submitted claims to the RPO but, as yet, the formal claim from the RPO has not been received and therefore the Preferential creditor claim is currently unknown.
 - The Directors have not co-operated with the Administrators and have failed to provide any meaningful Company records. In addition they have failed to provide a Statement of Affairs of the Company as at 27 August 2019.

Investigations

- 2.34 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.
- 2.35 We can confirm that we have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, we are unable to disclose the contents.

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2.36 Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by clients and creditors either at the initial meeting or as a response to our request to complete a questionnaire. Information was provided on certain liquidity providers and these have been followed up which, unfortunately, did not produce any realisations for the benefit of the Administration.

2.37 As mentioned above, the Directors have not delivered up the Company records. The Computer software and servers that the Company utilised were not owned by or controlled by the Company. These were owned and controlled by Capital in Cyprus. Together with their legal advisers, the Administrators are considering legal action to compel co-operation to provide the information requested. Again, the cost of enforcement of any Order obtained in the UK or other jurisdictions will be significant.

3 Creditors Committee

3.1 As mentioned at point 1.8, at the initial meeting of clients and creditors held on 5 November 2019, a Resolution was passed that a Creditors Committee ("the Committee") be established.

3.2 The Committee was formally constituted on 27 November 2019 and is comprised as follows:

Mr Guy Enright representing the FSCS
Mr Simon Ricketts representing SER1
Mr Salam Alaswad representing various clients
Mr Paolo Bonato representing various clients
Mr Brett Harris representing himself

Representatives of the FCA are also entitled, and invited, to attend committee meetings as limited observers.

3.3 The purpose of the Committee is to represent the client and creditor bodies as a whole rather than the interest of certain parties or individuals in the Special Administration and to assist the Administrators in discharging their functions where so required. The Committee has considered both the Pre-Appointment costs of the Administration and the Administrators remuneration. The Administrators continue to liaise with the Committee on a regular basis with meetings having been held on 7 January 2020 and 10 February 2020.

3.4 The Administrators are grateful to the time given by the Committee in assisting the Administrators in this matter and will continue to liaise with the Committee as and when required.

4 Pre-administration Costs

4.1 Due to the sensitivities of this case prior to the appointment of the Administrators, the Administrators waived their costs for the pre-appointment period.

4.2 The costs incurred by the FCA in making the application for the Special Administration were ordered to be paid as an expense of the Special Administration. The FCA have advised that these costs amount to £30,146.61.

4.3 Quantuma LLP have requested pre-appointment costs of £19,616 for their work in assisting the Directors of the Company prior to the Special Administration. They requested that their pre-appointment costs be paid as an expense of the Special Administration. This was discussed by the Creditors Committee at a meeting held on 7 January 2020 where the Committee deferred making a decision on those fees.

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5 Joint Special Administrators' Remuneration

- 5.1 On 7 January 2020 the basis of the Administrators' fees was fixed in the Administration by the Creditors Committee by reference to the time properly spent by them and their staff in managing the Administration with a capped limit of £177,100. This followed the approval of the Proposals and remuneration set out at the client and creditor meeting held on 5 November 2019.
- 5.2 Our time costs for the Period are £107,530.25. This represents 516.08 hours at an average rate of £208.36 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the Administration. To date, no fees have been drawn on account of these costs.
- 5.3 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from:
- <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>
- 5.4 Attached at Appendix C is additional information in relation to the Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

6 Estimated Outcome for Creditors

Secured Creditors

- 6.1 The Company did not grant any security over its' assets and therefore there are no secured creditors. As a result, there is no floating charge assets and no requirement for a Prescribed Part calculation.

Preferential Creditors

- 6.2 Preferential creditors encompass liabilities for employees in respect of arrears of pay, accrued but unpaid holiday pay and any unpaid pension contributions. Such claims will be paid by the Redundancy Payments Service, a department within the Department for Business, Energy and Industrial Strategy. Preferential claims in respect of outstanding wages are capped at a maximum of £800 per employee.
- 6.3 Preferential Creditor claims were estimated at £3,200. Even though 4 claims have been submitted to the RPO no formal preferential claim has been received from the RPO to date.
- 6.4 Based on present information the Administrators do not anticipate that, after allowing for the costs and expenses of the Administration, there will be a distribution to preferential creditors in this matter.

Unsecured Creditors

- 6.5 We have received claims totalling £287,131 from 3 creditors. We have yet to receive claims from 9 creditors whose debts are estimated at £96,329 as per the estimated financial statement as prepared by the Administrators as detailed in the Administrators Proposals.
- 6.6 The Company did not grant any floating charges to a secured creditor. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**), which only applies to charges created after 15 September 2003.
- 6.7 Based on present information there is no prospect of a dividend becoming payable to unsecured creditors.

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Client Account Claims

- 6.8 As previously mentioned, the Administrators have received limited information from the Directors in respect of Client balances. From correspondence and emails received from Clients it is clear that the information provided by the Directors cannot be fully relied upon.
- 6.9 Where Clients have submitted evidence, which matches the information provided by the Directors, this will be taken to be an accurate record of that Client's position.
- 6.10 In respect of those Clients where the Directors have not advised the Administrators of a balance due, or where the Directors have advised that there is no monies owed to that Client, the Administrators are not in a position to confirm any claim without requesting further evidence of monies owed to that Client.

Client Accounts - Marked as "Open"

- 6.11 To date 181 clients have submitted claims in the sum of £5,381,750 and there are a further 422 clients who have yet to submit claims.

Client Accounts - Marked as "Closed"

- 6.12 Even though the Directors provided a list of "closed" client accounts, 6 clients on that list have submitted claims totalling £468,183.

Client Accounts – Potential Clients of AFX Capital Markets Ltd

- 6.13 There are 23 clients, who appear on the schedule of clients prepared by the Directors, who may be clients of AFX Capital Markets Ltd and claims totalling £855,598 have been received in this matter.

Clients not on the Director's list

- 6.14 There are 64 clients who do not appear on the Director's list who are claiming to still be owed money by the Company and these claims total £4,910,138.

Distribution of Client Monies

- 6.15 The Special Administration has the effect of commencing a Primary Pooling Event (PPE) where all client monies held at the date of appointment are treated as pooled client monies. All Clients with outstanding balances will be entitled to a share in the pooled client monies on a pro rata basis.
- 6.16 Once the client monies have been received and claims agreed the Administrators intend seeking guidance and approval from the relevant authorities on any proposed distribution of the funds to clients. The Administrators aim would be to return Client Money to Clients as soon as practicably possible, although clients may receive funds sooner (subject to applicable limits) if they apply for FSCS compensation as described below.
- 6.17 Due to a lack of information being received from CySEC on the financial position of Capital as to what funds, if any, are held in their Client Account for the benefit of this Company the FSCS has agreed to start accepting and processing compensation claims in relation to the Company.
- 6.18 **Please note** that where compensation is paid, the FSCS will be entitled to subrogate your claim and claim in the Special Administration for the whole of your debt irrespective of whether it is over the threshold of £85,000. The FSCS compensation rules, as set out in the FCA Handbook, require FSCS to share recoveries made with clients whose claims exceed £85,000 such that those clients are not made worse off as a result of having claimed FSCS compensation at this time.

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Notice of the Last Date for Proving Claims ("Bar Date")

- 6.19 Clients are required to submit either the Client Proof of Debt Form (Individual) at Appendix E or Client Proof of Debt Form (Corporate) (if you are a Corporate entity) at Appendix F by **1 JUNE 2020** together with all supporting documentation. This is the designated "Bar Date".
- 6.20 The advantage of a formal Bar Date is that the Regulations and Rules expressly provide that distributions made cannot be disturbed by late claims from Clients who assert that they were entitled to share in those funds.
- 6.21 **PLEASE NOTE THAT IF YOUR CLAIM AND ALL RELEVANT SUPPORTING DOCUMENTATION IS NOT RECEIVED BY 1 JUNE 2020 YOUR CLAIM WILL NOT BE ACCEPTED BY THE JOINT SPECIAL ADMINISTRATORS OR REFERRED TO THE FSCS FOR THE CONSIDERATION OF ANY PAYMENT THAT YOU MAY BE ENTITLED TO CLAIM. THIS MAY THEN LEAD TO A DELAY OF ANY CLAIM YOU MAY HAVE.**
- 6.22 The costs and expenses of the Joint Special Administrators in dealing with the recovery of client monies and dealing with Clients' claims will be an expense deducted from the Client Account pooled funds.

7 Ending the Administration

- 7.1 Administrations under the Insolvency Act would normally automatically end after one year. As this is a Special Administration, under the Investment Bank Special Administration Regulations the case will continue until the Administrators have completed their duties, allowing the Company's clients and creditors to prove and receive a distribution as appropriate in the Special Administration, rather than in a subsequent liquidation.
- 7.2 Once the Special Administration is concluded the Administrators can exit either by filing a notice of the Company's dissolution at Companies House; or putting forward proposals for a Company Voluntary Arrangement.
- 7.3 On present information the expected exit route will be to file a notice of the Company's dissolution once all distributions have been made and all statutory obligations completed.
- 7.4 At this stage it is not possible to provide a definitive timescale for the duration of the Special Administration.

8 Creditors' Rights

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

9 Next Report

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

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For and on behalf of
AFX Markets Ltd

A handwritten signature in black ink, appearing to read 'Jonathan E Avery-Gee', written in a cursive style.

Jonathan E Avery-Gee
Joint Special Administrator

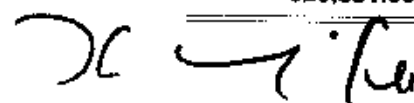
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Appendix A

Receipts and Payments Account from 27 August 2019 to 26 February 2020

AFX Markets Ltd
(In Administration)
Joint Special Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 27/08/2019 To 26/02/2020 £	From 27/08/2019 To 26/02/2020 £
	SECURED ASSETS	
Uncertain	AFX Capital Markets Ltd	NIL
432,131.00	Barclays Bank - Client Monies	NIL
608,893.00	NatWest Markets - Client Monies	531,891.58
Uncertain	Swissquote	NIL
		<u>531,891.58</u>
	SECURED CREDITORS	
(7,665,711.00)	Client Accounts "Open"	NIL
		<u>NIL</u>
	ASSET REALISATIONS	
	Bank Interest Gross	472.08
3,323.00	Furniture & Equipment	NIL
	Petty Cash	124.63
		<u>596.71</u>
	COST OF REALISATIONS	
	Agents/Valuers Fees	3,384.60
	Insurance of Assets	168.00
	Re-Direction of Mail	211.00
	Room Hire	360.00
	Special IT Provider	1,887.10
	Specific Bond	300.00
	Statutory Advertising	142.00
	Travel & Accomodation	1,903.70
	Website Agents	250.00
		<u>(8,606.40)</u>
	PREFERENTIAL CREDITORS	
(3,200.00)	Employee Arrears/Hol Pay	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(11,319.00)	Employees	NIL
(209,655.00)	HM Revenue & Customs - Corp Tax	NIL
(885.00)	HM Revenue & Customs - VAT	NIL
(38,356.00)	Trade & Expense Creditors	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(567,470.00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(7,452,249.00)		<u>523,881.89</u>
	REPRESENTED BY	
	Bank 1 Current	39.50
	Client funds A/c	532,363.59
	Office	(8,521.20)
		<u>523,881.89</u>



Jonathan E Avery-Gee
Joint Special Administrator

AFX MARKETS LTD - IN SPECIAL ADMINISTRATION

Appendix B

Time Analysis for the Period from 27 August 2019 to 26 February 2020

Appendix B - Time Entry - Detailed SIP9 Time & Cost Summary

A0065 - AFX Markets Ltd
 From: 27/08/2010 To: 26/02/2020
 Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 : Formalities	3.90	27.93	0.00	0.00	0.00	31.83	7,454.00	234.18
701 : Strategy (incl Balise)	24.00	0.00	0.00	0.00	0.00	24.00	7,200.00	300.00
Admin & Planning	27.90	27.93	0.00	0.00	0.00	66.83	14,654.00	262.47
600 : Core Specific	5.10	0.00	0.00	0.00	0.00	5.10	1,530.00	300.00
Case Specific Matters	5.10	0.00	0.00	0.00	0.00	5.10	1,530.00	300.00
501 : Unsecured Creditors	45.00	150.55	0.00	192.00	0.00	327.65	60,596.25	184.94
502 : Employee Matters	0.40	2.50	0.00	0.00	0.00	2.90	692.50	235.34
503 : Committee Report & Meeting	11.50	22.60	0.00	0.00	0.00	34.10	8,655.00	250.87
504 : Statutory Reporting to Creditors	11.80	34.20	0.00	0.30	0.00	46.30	11,235.00	242.24
Creditors	69.10	209.85	0.00	192.60	0.00	411.65	61,168.75	197.47
201 : CDDA Reports	1.60	42.20	0.00	0.00	0.00	43.80	10,110.00	230.82
Investigations	1.60	42.20	0.00	0.00	0.00	43.80	10,110.00	230.82
300 : Other Assets	0.00	0.30	0.00	0.00	0.00	0.30	67.50	225.00
Realisation of Assets	0.00	0.30	0.00	0.00	0.00	0.30	67.50	225.00
Total Hours	103.70	280.38	0.00	192.00	0.00	516.08	107,630.25	208.38
Total Fees Claimed							0.00	

Appendix C

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. 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.
- 1.3 We have not utilised the services of any sub-contractors in this case.

2 Professional Advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
DrydensFairfax Solicitors (legal advice)	Hourly rate and disbursements
AUA Insolvency Risk Services) (insurance)	Set Premium Costs
GARC Limited (Collection of assets & disposal advice; IT Services)	Hourly rate and disbursements
Humphrey & Gray (Property Maintenance)	Set Fee
My Tienda (Website Agents)	Set Fee

- 2.2 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.

3 Joint Administrators' Expenses & Disbursements

- 3.1 The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Administrators' Proposals Report a copy of which is set out below:

Expense	Provider	Basis of fee arrangement	Cost to date £	Anticipated Costs £
Agent's costs in uplifting the chattel assets	Global Asset Support (GARC Ltd)	Time costs and disbursements	1,887.10	1,887.10
Agents costs as Specialist IT Supplier	Global Asset Support (GARC Ltd)	Time costs and disbursements	3,242.10	3,242.10
Agent's costs in dealing with /chattel asset sales	Global Asset Support (GARC Ltd)	25% of realisations to be charged and disbursements	0.00	825.00
Solicitor's costs in dealing with legal matters relating to the Administration	DrydensFairfax Solicitors	Time costs	48,000.00	50,000.00

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Change of Locks	Humphrey & Gray	Set Fee	142.50	142.50
Statutory Advertising	EPE Reynell Ltd	Cost = £71.00 per Advert	71.00	355.00
Administrator's bond	AUA Insolvency Risk Services	Cost = £300.00	300.00	300.00
Insurance of Assets	AUA Insolvency Risk Services	Cost = 168.00	168.00	168.00
Re- Direction of Mail	Royal Mail	Cost = £211.00	211.00	211.00

Current position of Joint Administrators' expenses

- 3.2 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Agents' costs – Chattel Assets	3,384.60	672.92	4,057.50
Agents Costs – Specialist IP Supplier	1,887.00	403.40	2,290.40
Solicitors' costs subject to outcome of the hearing on 2 April 2020	0.00	48,000.00	65,000.00
Insurance	168.00	0.00	18.00
Statutory advertising	142.00	0.00	142.00
Specific penalty bond	300.00	0.00	300.00
Website Agents	250.00	0.00	250.00
External meeting room hire	360.00	0.00	360.00
Re-direction of the Company's mail	211.00	0.00	211.00
Change of Locks	0.00	142.00	142.00
Creditor Committee expenses	0.00	178.50	500.00
Travel & Accommodation	1,903.70	0.00	2,500.00
Category 2 disbursements			
N/A			

- 3.3 The Agents costs are slightly higher than anticipated as the information held on each piece of computer equipment that had been collected by them had to be backed up and then the computers wiped before they could be sold at auction. The additional costs relate to the backing up and wiping of the information held on the computers and the auction costs. The solicitors costs have increased substantially from what was anticipated in the last update to creditors. This is a result of the continuing proceedings in Cyprus, the costs of Cypriot agents and Counsel and the current deadlock regarding the Freezing Order obtained by Chambers & Partners' clients.
- 3.4 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. These disbursements are included in the tables of expenses above.
- 3.5 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. This Firm does not charge Category 2 Disbursements.

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4 Charge-Out Rates

- 4.1 A schedule of CG&Co charge-out rates as agreed with the FCA in respect of this Special Administration is shown below. Please note this firm records its time in minimum units of 6 minutes

	(Per hour) £
Partner	300.00
Manager	225.00
Assistant Manager	125.00
Administrator	100.00

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Appendix D

Privacy Statement

Appendix D - Privacy Notice

Use of personal information

We process personal information to enable us to carry out our work as insolvency practitioners which includes processing data that was held by companies/individuals before our appointment together with data collected during an insolvency procedure or a fixed charge receivership. Our legal obligation to process personal data arises from work we are required to carry out under insolvency and other related legislation.

Insolvency practitioners are Data Controllers of personal data in so far as defined by data protection legislation. CG & Co will act as Data Processor on their instructions about personal data in relation to an insolvency procedure or fixed charge receivership.

Personal data will be kept secure and processed only for matters relating to the insolvency procedure being dealt with.

The data we may process

The personal data insolvency practitioners may process in most cases will be basic details that may identify an individual and will typically be sufficient to allow us to carry out our work as insolvency practitioners, for example, dealing with the claims of individuals who are owed monies by the companies/individuals over whom we have been appointed.

However, insolvency practitioners may be appointed over entities that process personal data that is considered more sensitive, for example health records and this sensitive data will usually have been created before our appointment. Although we will take appropriate steps to safeguard sensitive data (or to destroy it where it is appropriate to do so), subject to limited exceptions, for example, where we identify previous conduct and/or action that requires further investigation, we will not be processing sensitive data.

Sharing information

We may share personal data with third parties where we are under a legal or regulatory duty to do so, or it is necessary for the purposes of undertaking our work as insolvency practitioners. We may also share personal data to lawfully assist the police or other law enforcement agencies with the prevention and detection of crime, where disclosure is necessary to protect the safety or security of any persons and/or otherwise as permitted by the law.

How long will we hold it?

Personal data will be retained for as long as any legislative or regulatory requirement requires us to hold it. Typically, this may be up to 6 years after which it will be destroyed.

What are your rights?

You have the right to receive the information contained in this document about how your personal data may be processed by us.

You also have the right to know that we may be processing your personal data and, in most circumstances, to have information about the personal data of yours that we hold, and you can ask for certain other details such as what purpose we may process your data for and how long we will hold it.

Individuals have the right to request that incorrect or incomplete data is corrected and in certain circumstances, you may request that we erase any personal data on you which may be held or processed as part of our work as insolvency practitioners. If you have any complaints about how we handle your personal data, please contact Daniel Richardson on daniel.richardson@cg-recovery.com so we can resolve the issue, where possible. You also have the right to lodge a complaint about any use of your information with the Information Commissioners Office (ICO), the UK data protection regulator.

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Appendix E

Client Proof of Debt Form (Individual)

Client Proof of Debt Form and Information for FSCS - Individual

AFX Markets Ltd - In Administration

1	Client Name <i>(Only use this form if you are an individual)</i>	
2	Address of client for correspondence purposes	
3	Email address for Client	
4	Total amount of claim, including VAT and outstanding uncapitalised interest	
5	I believe I was a client of AFX Markets Limited, the UK entity in the AFX Group and I wish to claim compensation from the Financial Services Compensation Scheme (FSCS) in accordance with its rules	Yes <input type="checkbox"/> No <input type="checkbox"/>
6	AFX account number	
7	Details of the AFX Bank Account in to where you transferred your funds Name of Bank Account Name Account Number Date of Transfer(s)	
8	Details of your Bank Account for receiving dividends and/or compensation (if applicable): Name of Bank Account Holding Branch & Country IBAN number Account Name Sort Code Account No.	
9	Signature of Client or person authorised to act on his behalf	
10	Name of signatory in BLOCK CAPITALS	

11	Date	
12	Position with or in relation to Client Address of person signing (if different from 2 above)	
13	Please provide the following Documents in order to assist the processing of your claim by the Financial Services Compensation Scheme and to avoid delays in processing	<ol style="list-style-type: none"> 1. A copy of your passport 2. AFX welcome email 3. A copy of your latest AFX statement 4. Copy of bank statements showing transfer of funds to AFX

Client Proof of Debt Checklist

Tick Box

Points 1-12 Completed

ID Documents

AFX welcome email when account was opened

Latest AFX Statement

Bank statements showing funds transfer to AFX

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Appendix F

Client Proof of Debt Form (Corporate)

Client Proof of Debt Form and Information for FSCS - Corporate

AFX Markets Ltd - In Administration

1	Client Name <i>(Please also state company registration number)</i>	
2	Address of client for correspondence purposes	
3	Email address for Client	
4	Total amount of claim, including VAT and outstanding uncapitalised interest	
5	I believe I was a client of AFX Markets Limited, the UK entity in the AFX Group and I wish to claim compensation from the Financial Services Compensation Scheme (FSCS) in accordance with its rules	Yes <input type="checkbox"/> No <input type="checkbox"/>
6	AFX account number	
7	Details of the <u>AFX Bank Account</u> in to where you transferred your funds Name of Bank Account Name Account Number Date of Transfer(s)	
8	Details of <u>your</u> Bank Account for receiving dividends and/or compensation (if applicable): Name of Bank Account Holding Branch & Country IBAN number Account Name Sort Code Account No.	
9	Signature of Client or person authorised to act on his behalf	
10	Name of signatory in BLOCK CAPITALS	

11	Date	
12	Position with or in relation to Client Address of person signing (if different from 2 above)	
13	Please provide the following Documents in order to assist the processing of your claim by the Financial Services Compensation Scheme and to avoid delays in processing	<ol style="list-style-type: none"> 1. AFX welcome email 2. A copy of your latest AFX statement 3. Copy of bank statements showing transfer of funds to AFX

Please answer the questions below and provide the documents requested

TYPE	SELECT	SUPPORTING DOCUMENTATION
A UK company or LLP that is not <i>FCA authorised</i> and fulfils 2 of the following: <ul style="list-style-type: none"> • Annual turnover less than £10.2 million • Balance sheet total of less than £5.1 million • Less than 50 employees 	Y/N	<ul style="list-style-type: none"> • Financial accounts • Evidence of number of employees, and • Company registration number
Non-UK company or equivalent that is not an overseas financial services institution and fulfils 2 of the following: <ul style="list-style-type: none"> • Annual turnover less than £10.2 million • Balance sheet total of less than £5.1 million • Less than 50 employees 	Y/N	<ul style="list-style-type: none"> • Financial accounts • Evidence of number of employees, and • Company registration number Name, address, date of birth and nationality of ultimate beneficial owners (owning more than 25% of the company)
Trust where the beneficiaries of the Trust are themselves eligible claimants (individuals and/or small companies)	Y/N	<ul style="list-style-type: none"> • The full and current name of the Trust Full names, Nationality & Date of Birth of any Ultimate Beneficiaries

Client Proof of Debt Checklist

Tick Box

Points 1-12 Completed

Corporate Documents

AFX welcome email when account was opened

Latest AFX Statement

Bank statements showing funds transfer to AFX