

## **ARM ASSET BACKED SECURITIES SA - IN PROVISIONAL LIQUIDATION**

The Provisional Liquidators' update to  
Bondholders and other creditors for the period 1  
December 2014 to 6 February 2015

## Definitions

<b>AHC</b>	the Ad-Hoc Committee of Bondholders elected at the Bondholders' Meeting
<b>BDO</b>	BDO LLP
<b>Bondholders</b>	all those who invested money in the Issuer, irrespective of the Issue in which they invested (including other creditors for ease of reference)
<b>Bondholders' Meeting</b>	the meeting of the Bondholders that took place on 3 February 2014
<b>CIGL or Catalyst</b>	Catalyst Investment Group Limited
<b>CSSF</b>	the Commission du Surveillance du Secteur Financier, the Luxembourg financial services regulator
<b>FCA</b>	the Financial Conduct Authority
<b>FCIL</b>	Financial Credit Investment I Limited, the counterparty to the sale of the Issuer's SLS policies in 2012
<b>FSCS</b>	the Financial Services Compensation Scheme
<b>Issuer</b>	ARM Asset Backed Securities SA (in provisional liquidation)
<b>MFSA</b>	the Maltese Financial Services Authority
<b>Non-Pending Investors</b>	those Bondholders who invested in Issues 1 to 8
<b>Period</b>	1 December 2014 to 6 February 2015
<b>Pending Investors</b>	those Bondholders who invested in Issues 9 to 11 and whose investment makes up the Pending Monies (the term Bondholder here is used for ease of reference and without prejudice to the determination of the issue of whether the relevant Bonds were issued or not)
<b>PLs or Provisional Liquidators</b>	the provisional liquidators, namely Mark Shaw and Malcolm Cohen of BDO (who act as agents of the Issuer and without personal liability at all times)
<b>Pending Monies</b>	the monies which were frozen by the Financial Services Authority (as it then was), representing part of Issue 9 and all of Issues 10 and 11
<b>PIG</b>	the Pending Investors' Group
<b>Representatives</b>	the two individuals chosen to represent the Non-Pending and Pending Investors in an application to Court to determine the correct treatment of the Pending Monies, being Gordon Pullan and Walter Pisarski respectively.
<b>SLS</b>	Senior life settlement policies

## 1 Introduction

1.1 The Provisional Liquidators of the Issuer were appointed by the English High Court of Justice on 9 October 2013, under case number 6914 of 2013.

1.2 The purpose of this report is to provide Bondholders with an update as to the progress made in the provisional liquidation during the Period. The PLs are not obliged by statute to report to Bondholders in this manner, but wish all the same to do so to keep all parties updated of progress which has been made. Disclosure will not be made in respect of issues which may prejudice Bondholders' interests, for example because of legal privilege or commercial confidentiality reasons.

1.3 The events leading up to and progress made in the provisional liquidation to 30 November 2014 were detailed in the PLs' presentation to Bondholders dated 3 February 2014 and the monthly reports dated 28 March 2014, 2 May 2014, 4 June 2014, 11 July 2014, 3 September 2014, 10 October 2014 and 5 December 2014. Copies of these documents are available on the PLs' website:

<http://www.bdo.co.uk/arm-abs-sa/>

1.4 This report should be read in conjunction with that presentation and the prior reports; the PLs have not therefore repeated the background of the provisional liquidation or the progress made in the period to 30 November 2014 in this report.

### *The FSCS claims process*

1.5 The FSCS continues to compensate Bondholders, including those in Malta. To date, we understand that compensation of over £38m has been paid to Bondholders, which represents assignments of approximately £44m.

1.6 We understand a resolution has been reached between the FSCS, Standard Life and HM Revenue and Customs. Those individuals whose investments are held through Standard Life are now beginning to receive compensation.

1.7 All Bondholders should have received their application forms now. If you have not received an application form, please contact the FSCS's Initial Contact Team on Freephone 0800 678 1100 or 0207 741 4100.

### *The Ad-Hoc Committee*

1.8 The sixth meeting of the AHC was held on 20 January 2015. Further to the PLs' notice dated 19 December 2014, with the agreement of the original members of the AHC, the PLs co-opted Robert Page and Walter Pisarski onto the AHC; they attended the sixth AHC meeting.

1.9 The seventh AHC meeting is scheduled for 5 March 2015.

1.10 To the extent possible, the matters discussed at the AHC meetings are communicated to the Bondholders through this update report.

### *Pending Monies, ranking of the Bonds and exit process*

1.11 The PLs confirm that, in agreement with the AHC, they have appointed (subject to Court ratification) two individuals respectively to represent the Non-Pending and Pending Investors (the 'Representatives'), in an application for directions to the English Court to determine, amongst other things, the correct treatment of the Pending Monies.

1.12 Both Representatives have chosen legal advisers, whose reasonable fees and expenses will be funded from the estate. All parties listed below will be required to sign up to a representative beneficiary agreement to govern how this process works.

	Representative	English legal advisers
Non-Pending Investors	Gordon Pullan	Proskauer Rose (UK) LLP
Pending Investors	Walter Pisarski	Thomas Eggar LLP

- 1.13 An initial 'all parties' meeting is scheduled to take place on 10 February 2015, with the anticipation that an application to Court can be made in March 2015. Upon the filing of the application and the Court scheduling a hearing, we should then be in a position to provide Bondholders with a detailed steps plan. The timing of this will largely be governed by the Court but we will do all we can to expedite matters.
- 1.14 The PLs will keep the AHC and Bondholders apprised of key developments in this process.

***Financial statements***

- 1.15 As previously stated, this process remains underway and we will provide copies of the audited accounts as soon as they are available.

***Investigations***

- 1.16 We continue to investigate the events prior to the PLs' appointment. Due to the nature of these investigations, we are unable to provide any detailed descriptions in a public manner.
- 1.17 The Provisional Liquidators and their legal advisers have been following the hearing between the FCA and Andrew Wilkins and Timothy Roberts which was heard before the Upper Tribunal (Financial Services) between 29 January and 6 February 2015.
- 1.18 As stated previously, if any Bondholders have any information they wish to share with the PLs to assist with our investigations, please can they submit this via the usual email address.

***FCIL receivable***

- 1.19 FCIL, the purchaser of the portfolio of policies from the Issuer, has now paid the instalment of \$7,227,877 due on 31 December 2014 as contemplated by the sale and purchase agreement.

***Bondholder queries***

- 1.20 No general queries have been submitted by Bondholders during the Period. Although the formation of the AHC has changed how we engage with Bondholders, Bondholders should still feel free to submit questions to us via the usual email address of arm.abs.sa@bdo.co.uk.

**2 Next report from the PLs**

- 2.1 It is the intention of the PLs to provide their next progress report to Bondholders in the first full week of April, as we anticipate significant progress in relation to the Pending Monies application by that time.



Mark Shaw

Joint Provisional Liquidator

6 February 2015