ARM Asset Backed Securities SA ('the Issuer') (in provisional liquidation)
Minutes of Bondholder and Creditors' Meeting

The meeting was held at Hall One, Kings Place, 90 York Way, London N1 9AG on 3 February 2014 at 1:00pm.

Chairman

Mark Shaw

BDO LLP ('BDO') staff present:

- Kirsty Keay (Manager)
- Joshua Guest (Administrator)
- Robert Ferne (Executive)
- Jamie Brown (Executive)
- Annie Coulson (Assistant Administrator)

Bingham McCutchen (London) LLP ('Bingham') people present:

- Elisabeth Baltay (Partner)
- James Terry (Partner)
- Zip Jila (Associate)

Present and attending

Bondholders and creditors attended as detailed at appendix 1.

Business of the meeting

The Chairman addressed the meeting, and explained that its purpose was to receive a presentation from the Chairman and to vote on the constitution of an Ad-Hoc Committee of Bondholders. The purpose of the presentation was:

- to explain the position of the Issuer; and
- to explain the issues faced by the PLs in returning value to Bondholders; and
- to explain options for the way forward.

It was also explained to the meeting that it was informal in so much as the Provisional Liquidators ('PLs') had neither the power nor the right to call the meeting; however, it had been called as the PLs wished to follow the procedure of an administration as closely as reasonably practicable.

The Chairman stressed that the PLs would not be able to answer all of the meeting's questions as:

- Anything price-sensitive would need to be cleansed via an RNS;
- The Issuer entered into confidential contracts prior to the PLs' appointment and the value of those contracts could be affected by a breach; and
- Any legal advice received is privileged and the PLs cannot afford to lose that status as any counterparty to any litigation could then use the advice to the Issuer's detriment.

The Chairman then went on to give his presentation addressing the following areas:

<u>Introduction</u>

The PLs have to discharge their duties in a manner which is "right" and "fair" for the Bondholders, taking into account their respective positions, especially given the conflicting interests which are

present (for example, between the Pending and non-Pending Investors). This can lead to process such as this to seem cumbersome and slow.

There is a requirement to take legal counsel on many issues and a need for counsel to be truly independent (ie where previous advice had been received that would be taken into account in order to lower costs), this being a reflection of due process.

The PLs are officers of the Court, which imposes upon them a high standard of care and requires all decisions to be fully informed.

Not everyone will be happy at all times.

The PLs cannot give investment advice and the presentation/meeting should not be taken as such.

How we got here today

The Issuer issued bonds to investors to raise capital with which it purchased Senior Life Settlements ('SLS') in the US. SLS is now a controversial asset class for regulators (including the Financial Conduct Authority ('FCA')), as the companies which invest in it are committed to paying coupons to investors and premia on the SLS despite not knowing when the SLS will ultimately mature. This means in some cases new investment is required purely to enable the companies to continue to service its ongoing liabilities, rather than to purchase new SLS.

The Issuer was incorporated in Luxembourg, whose regulator, the Commission de Surveillance du Secteur Financier ('CSSF'), stated that the Issuer should be regulated as it issued securities on a continuous basis. The CSSF refused to regulate the Issuer in Luxembourg, but the Issuer continued to issue bonds. This created a long-running legal dispute between the Issuer and the CSSF.

The Financial Services Authority ('FSA') did not regulate the Issuer, but it did regulate some of the IFAs who sold the Issuer's bonds and Catalyst Investment Group Limited ('Catalyst'), which promoted the bonds. Various regulatory sanctions have been imposed on Catalyst and certain people associated with Catalyst, which are now subject to appeal. These sanctions and their appeals do not affect the PLs, as the Issuer and Catalyst are separate legal entities, and the PLs have no control over Catalyst.

The FSA froze c£22m of monies which related to bonds issued in Issues 9, 10 and 11 (the 'Pending Monies'). It was able to do so as the funds were in the hands of UK-based IFAs. The £22m mathematically reflects, in the PLs' understanding, part of Issue 9 and all of Issues 10 and 11. The PLs are aware that the Pending Monies are currently held in non-interest-bearing accounts and are liaising with the FCA to resolve this issue. The Pending Monies are held on trust and are mixed with other funds. The challenge is to vary the conditions under which they are held without affecting the trust conditions. It is currently unclear how the Pending Monies will be applied.

Once the Pending Monies were frozen, the Issuer was unable to purchase new SLS, meet ongoing operating expenditure or pay ongoing premia on SLS which it owned. If the premia were not paid, the SLS would have lapsed. The Issuer therefore sold its portfolio of SLS in an auction, which was run by Ernst & Young in London under the supervision of Jean-Michel Pacaud ('the Supervisory Commissioner').

Following the final refusal of the CSSF to regulate the Issuer, the CSSF requested (as required to do so under the Luxembourg securitisation law) that the Luxembourg public prosecutor ask the court in Luxembourg to liquidate the Issuer.

Concurrently, the Issuer took legal advice on the steps it should take given its financial position. The Issuer was advised that it should commence insolvency proceedings and that its Centre of Main Interests ('COMI') was likely in England and Wales. It was therefore appropriate that an application be brought for the Issuer to be placed into an insolvency process in England and Wales.

BDO was introduced the Issuer at this stage (having had no prior involvement) to act as PLs, as BDO has prior experience of similar Luxembourg structures and financial services insolvencies.

Administration would have been the first choice of procedure; however, Provisional Liquidation was deemed the most appropriate as the bonds were limited recourse (and it was therefore arguable whether the Issuer was insolvent). Ultimately, the order was made on the grounds that it is just and equitable that the Issuer be wound up as well as insolvency and cessation of business.

There was no "shifting" of the COMI; it has always been in England and Wales.

What is a Provisional Liquidation?

Provisional Liquidation is broadly analogous to Administration, in that it creates a moratorium on legal actions against a company and its assets, it preserves and protects assets pending their distribution and it allows breathing space for the position to be assessed and discussions to take place with creditors.

The PLs' powers are specified in the court order by which they were appointed. The PLs would not take this appointment without being given the power to investigate certain matters. The PLs also have the power to compel co-operation from the directors. The PLs are not able to distribute assets to Bondholders.

Under the EC Regulation on Insolvency Proceedings, the Provisional Liquidation has effect internationally.

The process should be seen as a gateway to the appropriate means of maximising returns to Bondholders. The PLs have a well-established process by which they can make applications to court in England and Wales ('E&W') to determine key issues which arise in a streamlined manner (for example, the relative ranking of bonds). The PLs are not concerned as to the result of these applications, as long as it is "right" and "fair". The PLs are able to bring experts in Luxembourg law into the court to give evidence.

English insolvency law is seen as putting the interests of creditors at its heart; it enables more flexibility than other jurisdictions, and gives a say to creditors, to the extent that it is used in many other countries.

The sale of the SLS to FCIL

It was explained that there was originally a different slide which disclosed more information regarding the sale, which the PLs wished to release but would not do so without FCIL's consent (which has not yet been forthcoming).

An auction process was run by Ernst & Young in London to sell the SLS, which was reviewed by the Supervisory Commissioner. The PLs have established a good relationship with the Supervisory Commissioner.

The terms of the sale agreement are confidential, and the PLs are in discussions with FCIL and would anticipate having these confidentiality restrictions lifted imminently.

FCIL is related to Apollo Global Management, and is an SPV. The consideration payable by FCIL is on a deferred basis. Two payments of $113,939 and $3,613,939 have been received on 2 November 2012 and 31 December 2012 respectively.

One policy has not yet been transferred, and the PLs are exploring their legal rights in this regard and are in 'without prejudice' discussions with FCIL as to how best to resolve this. The face value of this policy is not high, and the PLs are keen to resolve the issue as soon as possible.

At this point, Q1 in appendix 2 was received from the floor.

The assets and liabilities of the Issuer

The Issuer issued bonds with a total value of £142.0m. Its assets currently consist of the funds due from the purchase of the SLS portfolio, the Pending Monies and cash at bank, which total £62.6m.

There is therefore a "Value Gap" of £79.4m which the PLs need to understand more fully. These are the values upon which the PLs estimate of the Issuer's assets at 33-45% of its liabilities was based. When the PLs are able to do so, they will confirm the size of the "Value Gap".

The "Value Gap" is the difference between the value of bonds understood to be in issue and the value of the assets of which the PLs are aware. It is likely a mixture of operating expenditure over time, net reductions in the value of the SLS portfolio prior to its sale, net reductions in the value of the SLS portfolio caused by its sale (normal for a distressed sale) and other items.

The PLs want to understand the "Value Gap" and will consider any claims which the Issuer may have as a result. The PLs are required to protect, preserve and get in any assets, including actions which the Issuer may bring.

Steps taken so far

So far, the PLs have:

- ensured that no payments can be made out of the Issuer's bank accounts without their approval (the Supervisory Commissioner's existence prevents the funds from being transferred to the PLs' accounts);
- engaged with the CSSF and the public prosecutor in Luxembourg on proceedings (adopting diplomacy on this front so as not to jeopardise the Issuer's position);
- engaged with FCIL to ensure payments are only made to the PLs in the UK under the sale agreement and to seek a way forward to the outstanding policy as well as other matters;
- put together a team to finalise the Issuer's statutory accounts (an issue which will be discussed with the Ad-Hoc Committee);
- requested a statement of affairs from the directors;
- considered potential restructuring options;
- engaged extensively with Bondholders (much more than they are required to by statute);
- established a working relationship with the Supervisory Commissioner, whereby he authorises payments from the Issuer's accounts;
- reviewed the underlying documentation for the bonds to consider how they rank relative to each other and the Pending Monies issues, including seeking legal advice given the complexities of the issues;
- established (to the extent possible) a list of Bondholders (as they are concerned that the Issuer's records are inaccurate);
- liaised with the FCA regarding the Pending Monies, especially with regard to having them moved into interest-bearing accounts;
- proposed this meeting to put together an Ad-Hoc Bondholder Committee to consult with on steps from now on; and
- collated various information and liaised extensively with the FSCS to assist in their compensation process, so as to allow compensation to be paid quickly to Bondholders (if eligible) and to provide more clarity on the population of stakeholders for strategy proposals.

Jurisdiction issues

The following countries are relevant to the Issuer:

- It was incorporated in Luxembourg.
- Its COMI was in England, hence it is in Provisional Liquidation in England.
- Its bonds were listed on the Irish Stock Exchange.

Many of the legal issues being encountered have both English law and Luxembourg law aspects to them.

The CSSF wanted the Issuer to be liquidated in Luxembourg, but this was not (in our view) appropriate, lawful (due to the moratorium) or in Bondholders' interests.

English insolvency law can shape processes to the creditors' needs, is generally quicker and easier to understand than that in other jurisdictions. Equally, the PLs had no desire for a spat between the countries involved, as to do so would be very expensive. Therefore, lengthy correspondence was entered into with the CSSF and the public prosecutor in Luxembourg explaining this to them. This was in the run up to Christmas, and created uncertainty for the PLs for some time at the start of the case.

The PLs are now of the view that this uncertainty has passed and that the insolvency process will exclusively take place in England, allowing them to move ahead.

Bond documentation and issues: introduction

The bond documentation is voluminous, complex and contradictory, even more so than usual for such a company.

Each category of bonds (ie with the same maturity date and coupon) is referred to as a different "Series" of bonds (eg Series J bonds, issued pursuant to the Series J prospectus). Each occasion a Series of bonds is issued is referred to as a different "Tranche" of bonds (eg there are 3 Tranches of Series G bonds). An "Issue" refers to the period of time in which the Tranches were issued, for instance Issue 1 refers to bonds issued up to and including 1 January 2008.

There are 11 Issues, of which Issues 1-8 comprise non-Pending Monies and 9-11 comprise the Pending Monies (though the PLs understand that some proceeds of Issue 9 were released to the Issuer).

The bonds are also subject to the terms set out in the relevant Base Prospectus. The Base Prospectus contains the non-transferable condition. Bondholders bought bonds on the basis of the Issuer's Brochures, and the Information Memoranda. Provisions of the Subscription Agreements, Global Notes and, in some cases, Bearer Bonds also seek to govern the terms of the bonds. Bondholders had in effect a share in a Global Note, as opposed to their own definitive bond.

The various documents purporting to govern the terms of the bonds are inconsistent with respect to a number of issues including the ranking of the bonds.

Bond documentation and issues: do the bonds rank equally with each other?

The documentation does not provide for a clear, certain and consistent bond priority schedule. There is not a pre-enforcement and post-enforcement waterfall which could have a big impact on any dividend.

It is unclear based on the documents available whether the bonds rank *pari passu* with each other or whether they are ranked by reference to their maturity date. In addition, the PLs do not have access to all of the relevant documentation.

There is still further work to be done with respect to determining the proper priority of the bonds. The current view is that this issue will not be determined based on a legal review, and will require the PLs to obtain court directions on this issue or to resolve it through consensus via a CVA or Scheme of Arrangement.

Bond documentation and issues: Pending Monies

There is currently a legal debate ongoing as to whether the bonds comprising Issues 9-11 were issued by the Issuer.

If these bonds were not issued, there is an argument that the Pending Monies do not belong to the Issuer and should return to the original investors.

If these bonds were issued, there is an argument that he Pending Monies do belong to the Issuer and should form part of the estate.

The PLs are currently seeking independent legal advice on this matter, but the issue is not straightforward and will take time to resolve, especially so as there are jurisdictional complexities to handle as the bonds are governed by Luxembourg law. It may be necessary for the PLs to obtain court directions on this issue or to resolve it through consensus via a CVA or scheme of arrangement.

Bond documentation and issues: other issues

The PLs believe they have now resolved the issue of bond transferability, and will upload this resolution to their website as soon as possible. They are aware that bond listings have been cancelled and are exploring a potential solution given the fact that this is an issue for those holding their investments via SIPPs.

The position of regulators/public bodies

- The Issuer was subject to the regulatory jurisdiction of the CSSF.
- The FCA (formerly the FSA) regulated the UK-based IFAs selling the Issuer's bonds and Catalyst as a promoter of the Issuer's bonds. This means that the FSCS *may* compensate Bondholders to the extent that they were mis-sold the bonds or similar by UK-based IFAs and/or Catalyst. The FSCS is not a regulator.
- The Maltese Financial Services Authority ('MFSA') regulated certain IFAs in Malta who sold the Issuer's bonds.
- The Irish Stock Exchange ('ISE') listed the Issuer's bonds.

The position of the FSCS

The FSCS is a UK compensation scheme, funded by UK regulated businesses.

The PLs have worked closely with the FSCS to assist them in their assessment of whether to compensate Bondholders in this matter. For a business like the Issuer, the FSCS can compensate up to £50,000 per investor. In return, the FSCS takes an assignment of *all* that investor's claims against the relevant IFAs, Catalyst and the underlying bonds.

For this reason, the FSCS may become the largest single Bondholder of the Issuer and hence influence the PLs' strategy.

It is a general principle of the FSCS that an investor should be no worse off as a result of receiving compensation from the FSCS than they would have been had they not accepted that compensation. To the extent that claims have been assigned to them, the FSCS will vote on any restructuring/liquidation proposals for the Issuer.

Mark Anderson of the FSCS then addressed the meeting. He defined the FSCS, and explained that they have been working closely with the PLs and that claims could be made in two ways:

1. Against Catalyst: Catalyst has been in default since October 2013. It is likely to be liable in cases where the investor or their IFA relied on the sales literature it produced.

2. Against an IFA: This will be possible where the IFA has been negligent.

Both circumstances will be considered on a case-by-case basis, but it will be harder to prove that an IFA has been negligent. Forms will be made available in March.

What options are available to the PLs?

The PLs can propose restructuring plans or liquidation plans. These can be proposed using Company Voluntary Arrangements ('CVAs'), schemes of arrangement ('Schemes') or liquidations. CVAs and Schemes must be fair. Any plan put together over the next few months will be discussed with any Ad-Hoc Committee, trailed with the Bondholders generally and formally put to Bondholders to the extent needed or appropriate.

For issues like the ranking of bonds between themselves or the Pending Monies, the PLs can make applications to court to determine the issue (in which case they will have to swear a witness statement), or put a compromise proposal to Bondholders. The latter may be attractive as they can de-risk "binary" outcomes for Bondholders - but will only be proposed on the basis of legal advice and open discussion of the position with Bondholders.

The PLs would like to create "flexibility and optionality" for Bondholders, to recognise that some Bondholders may prefer a lower earlier payment due to their own circumstances. This is about generating choice.

On the application of some relatively narrow assumptions (that all those who invested less than £100,000 take up the FSCS's compensation, if eligible, and that 50% of those with £100,000 to £150,000 invested take up the compensation), it is reasonable to expect the FSCS to become by far the largest single Bondholder in this case, and they will therefore have a significant say on a proposals made by the PLs.

Ad-Hoc Committee - formation, purpose and modus operandi

The Committee will be consultative only, and will have no formal standing. Any formal votes will need to be taken from the Bondholder population as a whole, and the FSCS.

The PLs' fees are approved by the court, rather than by the Committee. It is proposed that 5 members are selected and the FSCS will be co-opted onto the Committee, as they may become a Bondholder very quickly.

Voting forms provided today and submitted by post or email provide for Bondholders to rank their top 5 proposed committee members. They will be allocated 1 to 5 points each and the 5 people with the most points will be elected. The PLs will consider whether this yields any manifestly unfair outcome before confirming committed members (ie the Committee should fairly represent the population of Bondholders).

Committee members will be required to enter into Non-Disclosure Agreements, on which the PLs cannot provide legal advice but are happy to explain. A draft of such an Agreement has been provided to the candidates, though the PLs do not propose to negotiate on this Agreement. David North withdrew his candidacy on Friday.

The PLs are disappointed that there are no Pending Investors who put themselves forward for membership for the Committee, and suggest that they form a direct dialogue with someone from this area of the Bondholder population.

Future communication with Bondholders

The PLs have engaged and communicated frequently and openly with Bondholders so far - much more than required below (not at all), the court or best practice. They are keen to continue that spirit of openness. However, the case cannot be conducted in a public forum as it would not be in Bondholders' interests due to commercial sensitivity and legal privilege, and with a committee in place they feel it would be more appropriate to have a monthly (as opposed to weekly) update on our website for Bondholders. The FAQs will continue, but with monthly responses as opposed to weekly.

Next steps and timeline

In the 3rd quarter of 2013, the PLs were appointed, engaged with the Bondholders, dealt with the Luxembourg regulators, established basic information and the Issuer's position, and engaged with the FSCS.

In the 1st half of 2014, the PLs have/will:

- Held this meeting and will establish the Ad-Hoc Committee;
- Progress the strategy for ranking the bonds and dealing with the Pending Monies;
- Reach an agreement with FCIL on options for payment under the contract;
- Finalise the statutory accounts and audits;
- Investigate the "Value Gap";
- Develop distributions/restructuring options;
- Determine the FSCS position; and
- If applicable, commence the claims process.

In the 2nd half of 2014, the PLs will deal with court applications as needed (but they will need to wait to be allocated time by the court), deal with any claims arising from the "Value Gap" and determine what proposals will be made to Bondholders.

Questions and Answers

The floor was then opened up for a question and answer session, the details of which are attached at appendix 2.

With there being no further business to attend to, the meeting was declared closed at 4:00pm.

Mark Shaw

Chairman

ARM Asset Backed Securities S.A. (in provisional liquidation)

Bondholder Meeting - 3 February 2014 - Schedule of Questions and Answers

Q1

Ian Bruce: Was the SLS portfolio sold to Financial Credit Investment I Limited or Financial Credit Investment II Limited?

Mark Shaw ('MS'): I think it was I, but I will have to make sure.

Elisabeth Baltay ('EB'): The ownership of FCIL is confidential, but the information we have is that there is a Delaware Trust and a company registered in Ireland, and both are 'I'.

Q2

Tony Smith: It was stated by Mark Anderson (from the Financial Services Compensation Scheme ('FSCS')) ('MA') in the presentation that the whole of an investor's holding is transferred to the FSCS in return for the compensation. I hold my investment through two separate methods, one of which has protected rights and the other non-protected rights. Are the two treated differently?

MS: I suspect that protected rights do not confer seniority.

TS: Would I get compensation for both parts, though?

MA: For claims against Catalyst Investment Group Limited ('Catalyst'), we will not differentiate between different methods for holding the investments. You would only be entitled to make one claim of £50,000 against the FSCS.

MS: The protected rights aspect is more likely an arrangement between you and your IFA or SIPP. We will follow this up, but are not aware of any circumstances in which we would make a distinction between the two.

Q3

Ian Ward: If a Bondholder invested between £150,000 and £200,000 and he took the FSCS's compensation, who would get the balance if there was a return in excess of £50,000 on the total holding? Would it go to the original Bondholder?

MA: The FSCS takes an assignment of all the rights of the Bondholder. If the FSCS receives a distribution from BDO where the claimant's losses were not fully compensated by FSCS, the FSCS rules require that we pass on some or all of the distribution to the Bondholder according to the methodology set out in our rules. The aim of the rules is to ensure that the Bondholder receives exactly the same amount whether he claims through FSCS first or BDO first. The FSCS is not a profit-making organisation, but we have to have regard for the Financial Services industry which pays our levies.

Ian Ward: So would they get anything over that?

MA: It does not mean that you would get nothing back above the £50,000. We have a similar case ongoing at the moment where we are returning greater than this sum to claimants where appropriate. Those with larger claims may choose to delay claiming in order to ascertain if making a claim is preferable.

Ian Ward: Is there a deadline for making claims?

MA: Claims must be made within 6 years of the event (when you first invested), or 3 years of you becoming aware there was a problem.

MS: This is difficult for the FSCS; they want to be helpful but do not want to commit to answers which may not be true.

Q4

Ian Bruce: The issue of Tim Roberts ('TR') concerns me and many other Bondholders. I am surprised that the Issuer's sole shareholder is a charitable trust. As far as I was aware, TR created and owned the Issuer and several other entities in the structure. I have read the terms of the bonds and as far as I can see the Issuer's owners can do what they want with funds received. Would it be possible for Tim Roberts to claim compensation as an employee? Looking at the accounts of various Catalyst group companies and the Issuer, there are many advanced commissions being paid.

EB: We cannot substantiate claims that TR owned those companies. Because of the way the Issuer was incorporated in Luxembourg (under the securitisation law), it had to be owned by a charitable trust. We are aware that TR has been sanctioned by the Financial Conduct Authority ('FCA'), but cannot specifically comment on this. There is a lot of information and accounts to search through, and we cannot comment on specific transactions, especially when such comments would be unsubstantiated. We will look into pursuing people and corporate bodies where claims are identified, but this needs to make sense when the costs of litigation and the time it would take are taken into account.

MS: Indeed, there will be a cost-benefit analysis of any potential actions which are identified. I don't want to speculate though and get sued for defamation, or damage the claim. Hence I said at the outset of our involvement that I would not take the appointment unless I had the power to investigate. If someone is a creditor though, any personal opinions cannot prevent me from treating them fairly in the eyes of the law. I cannot ignore my duties at will, even though that may make others unhappy. I can however confirm that there were no employees of the Issuer. There are small claims from the directors, but nothing substantial.

Ian Bruce: In the presentation you suggested that the Commission du Surveillance du Secteur Financier's ('CSSF') actions came out of the blue. I was under the impression that the Financial Services Authority ('FSA') as it was at the time, asked the CSSF to take action?

MS: I know that there was a lengthy debate, but we are not privy to what happened behind the scenes between the regulators.

Q5

Peter Mackenzie: Back to the discussion regarding compensation; would taking the compensation prejudice your claim? It appears to me that the prospect of balancing payments above £50,000 covers you. Perhaps there should be something on your website to say this?

MA: There already is. We will make it clear what the implications of accepting the compensation will be, but until we know the ultimate return it is difficult to be precise.

Q6

Name not stated: I put in a claim against Rockingham with the FSCS. It was turned down. Does this mean that I now get another chance?

MA: In order for us to pay out a claim against a firm, a legal liability must be established. There will be circumstances where Catalyst is liable. Claims against an IFA are more difficult to prove, and it depends on the level of information which is available on a case-by-case basis.

Name not stated: What if I have publications from Rockingham which were supplied by Catalyst?

MA: We would need that information. There would be an argument that Rockingham was misled by Catalyst's information.

Q7

Andre Micallef: Have you received the Pending Monies legal opinions (obtained originally by the FSA and the Issuer)? My reading of the RNS was that the Issuer considers the funds to be theirs?

MS: We have both sets of advice. They are under consideration. Our solicitors have reviewed them and we will take them into account.

Q8

Martin Stringfellow: Regarding the sale of the portfolio, is the deferred consideration related to the final policy not having been transferred?

MS: I cannot directly answer that question due to the confidentiality clause.

EB: The Provisional Liquidators ('PLs') are bound by a clause in the document that says that the Issuer will not talk about any aspects of document unless they are public knowledge. We are trying to reach an agreement with Apollo on this front, however at this point we cannot answer this question as to do so would be a breach. The agreement is being reviewed on our behalf by a New York lawyer as it is a contract in New York law.

Martin Stringfellow: OK. My main concern is that you are looking at all options.

Q9

Sheridan Chaffey: Regarding the FSCS compensation, does each individual Bondholder have to claim or can you do one claim en masse for us?

MA: Every individual will need to submit the form, and provide all available details of their investment.

Sheridan Chaffey: I am just trying to head off everyone doing it together and there being chaos.

MA: We need to ensure that all Bondholders submit the form.

Sheridan Chaffey: There is obviously a large proportion of Bondholders with claims against Catalyst.

MA: Catalyst was the middle man between the Issuer and the IFAs. It depends on if the IFA relied on the information provided by Catalyst.

Sheridan Chaffey: Will you look unfavourably on anyone who invested through Rockingham?

MA: No.

Q10

Michael Palau: When I was an IFA we had to have Professional Indemnity Insurance ('PII'). Is it on your agenda to make a claim?

MS: The Issuer is the company at the core of this structure. We have asked to see if the Issuer itself had PII, and the answer is no. You would expect the IFAs to have PII, but it would be for the individual Bondholders to make a claim, not us.

Michael Palau: Why did the Issuer not plug the value gap before this happened by making the claims?

MS: The Issuer did not have a claim and so could not recover anything. The claim would be against the IFA or Catalyst.

EB: The question here is who suffered the loss? It is the Bondholder. They would have to make the claim.

Michael Palau: Have Lloyds been contacted?

MS: The Issuer did not have insurance, and could not make a claim.

Q11

John McCormick: On the subject of restructuring, do you have any further information? What would the FSCS's position be?

MS: There are no detailed restructuring plans at this point. We cannot comment on the FSCS's position, other than to say that we will attempt to maximise any value in the Issuer for the benefit of the Bondholders.

MA: We will become a creditor, and when this is done we will attempt to maximise any recovery.

John McCormick: Have you supported restructuring plans in the past?

MA: Yes, we take a commercial approach to them.

John McCormick: In the long term, though...

MA: We are open to all options.

Q12

Graham Precious: For Issues 10 and 11, my understanding of contract law is that there must be an offer, acceptance and a consideration. If no bond was issued, surely there would be no contract and we would therefore have a claim?

EB: Whether a bond has been issued is not clear. You are (individually at least), technically not Bondholders, rather there is one Global Bondholder and individuals purchased an interest in that bond. We can't advise you, but we are looking into whether it has been issued. You should have a contract from your IFA though.

Graham Precious: I was thinking from the perspective of the funds not having been passed over.

MS: This is not straightforward.

Q13

Saeed Ahmad: I invested more than £50,000 in 2007, and this bond has now matured. I am worried about timing issues. Will I be affected? Will the pay out only cover the initial investment?

MA: We need to consider limitation periods. As mentioned previously, it is 6 years from your initial investment, and 3 years from you becoming aware of the Issuer's problems.

Saeed Ahmad: Will there be guidance to complete FSCS forms, and how will compensation be calculated?

MA: Guidance will be provided by FSCS. When calculating FSCS compensation we will look at the initial amount, minus deductions and plus a nominal rate of interest.

Saeed Ahmad: I was under the impression there were supposed to be escrow accounts?

MS: We are not aware of any escrow accounts.

Q14

Sue Bysouth: I was a client of Rockingham, but my contract note has been lost?

MA: We are trying to streamline the process. If there is reliable data available, the lack of a bond certificate or contract note should not be an issue.

Sue Bysouth: But it is not covered under PII due to Rockingham.

MA: That will not affect our payments.

MS: The FSCS will be assigned all 3rd party rights against insurers by those who accept compensation.

Q15

John Fairclough: I asked Catalyst if they had insurance before their default, and they said it was with Chartis. Has anyone contacted Chartis?

MS: We are trying to be helpful, but we do not have the standing to bring that action, it would have to be you who did so.

John Fairclough: But it would cost 'you' money.

MS: The FSCS takes an assignment of this 3rd party claim though.

John Fairclough: I don't understand why you can't make the claim.

MS: The Issuer was not a party to the contract under which the claim arises.

EB: If you purchased your bond through Catalyst, and you have made a loss, the insurer would indemnify Catalyst. That is your claim.

MA: I agree. We can explore all options to recover funds.

John Fairclough: The sooner we know the better.

MS: It may be worth writing to the FCA in your case.

Q16

Bob Sharpe: It is in the public domain that Rockingham's PII has lapsed. There is a mistake in the timeline I would like to point out; there was a considerable period in between the Issuer's inability to service the ongoing premiums and the sale of the portfolio, during which policies were sold off individually.

Q17

Name not stated: I bought a Pointon York SIPP. I was told it was a safe investment as "death was certain"! They clearly continued to take funds when they should not have done. Does Pointon York have some liability?

MS: I can understand why this is important to you but it is not related to the Issuer.

Q18

George Newton: The FSCS will not be enough to compensate me. Can you not make a payment in the interim?

MS: The *pari-passu* principal (that all creditors be treated equally according to their rights) is important. Your question is also premised on the idea that I have all of the assets in hand now, which I do not.

Q19

Geoff Allen: Do you have a length of time for this to be resolved?

MS: It will hopefully be clearer by the end of the 1st half of 2014. It could last for years. We understand that different people will have different priorities in terms of when they want to exit the procedure.

Q20

Gordon Pullan: What are the costs of the Provisional Liquidation to date? Are we close to knowing how many Bondholders there are?

MS: For BDO, £122,000. We are trying to cross reference the records available and narrow down the differences.

Q21

Name not stated: Can we introduce multiple elements to our claim?

MA: You can, but there is no need to go into too much detail.