

THIS DOCUMENT IS PUBLISHED BY THE PROVISIONAL LIQUIDATORS ON BEHALF OF THE COMPANY. THE PROVISIONAL LIQUIDATORS ACT AS AGENTS OF THE COMPANY AND WITHOUT PERSONAL LIABILITY.

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

## **ARM ASSET BACKED SECURITIES SA - PROVISIONAL LIQUIDATORS APPOINTED FREQUENTLY ASKED QUESTIONS**

### **Why has the company been placed into provisional liquidation?**

The company petitioned the English court for provisional liquidation, on the following grounds:

- That it was just and equitable to do so;
- That the company was insolvent; and
- That the company had ceased its business.

### **Does this mean I will not get back all of the money I have invested in the company?**

The Provisional Liquidators are currently reviewing the company's financial position and the terms of various legal documents.

However, we can confirm that the value of the company's assets presently appears to be less than the value of its liabilities.

### **When will I know how much of my money I will get back?**

Once the Provisional Liquidators have completed their initial review of the company's financial position, we will advise bondholders and other creditors of our findings. We will do this as soon as we can by an RNS on the Irish Stock Exchange and also a posting on our website (as detailed below).

### **How will the Provisional Liquidators communicate with the bondholders and other creditors?**

The company's bonds are listed on the Irish Stock Exchange, albeit their trading is currently suspended. This means that it is important that information is made available to all bondholders in a structured and disciplined manner and at the same time. The Provisional Liquidators need to take particular care with information which could be price sensitive.

We will maintain a website with key documents posted on it. Direct communication with bondholders will be done using an RNS through the Irish Stock Exchange.

We also appreciate that some bondholders may not have access to the internet. We will therefore from time to time send key documents through the clearing system.

We will communicate with creditors who are not bondholders directly, but ensuring information parity with bondholders.

The website is: [www.bdo.co.uk/arm-abs-sq](http://www.bdo.co.uk/arm-abs-sq).

### **How I can contact the Provisional Liquidators?**

Given the volume of bondholders and the need to ensure information parity among and between bondholders, we do not believe it is appropriate to deal with bondholder enquiries by telephone.

However, we have set up a dedicated email address for bondholders: [ARM.ABS.SA@bdo.co.uk](mailto:ARM.ABS.SA@bdo.co.uk).

Creditors who are not bondholders are also free to use this email address to contact us.

We propose to answer individual questions on a weekly basis by responding to all bondholders/creditors on our website and/or by RNS. Again, this is to ensure information parity.

**Will the company go into liquidation?**

It is too early to tell this yet. However, we will advise bondholders and other creditors as soon as we can of our proposals for the company.

**Are the directors still in charge of the company?**

No, the Provisional Liquidators now have the exclusive power to control and manage the company's affairs.

**What will happen to the Pending Monies which were frozen by the UK Financial Services Authority (as it then was) in November 2011?**

We are aware of this issue and are liaising with the UK Financial Conduct Authority (as successor to the UK Financial Services Authority) in relation to the most appropriate way to deal with these monies.

The Provisional Liquidators take a neutral position on the issue; their sole concern is that these monies are dealt with properly and paid to the "right" person given their legal rights.

If necessary, the Provisional Liquidators will make an application to the court for directions in order to determine the way in which these monies should be dealt with.

**What role does the UK Financial Conduct Authority have in relation to the Provisional Liquidation?**

The Provisional Liquidators understand that the company was not regulated by the UK Financial Conduct Authority.

Therefore, the UK Financial Conduct Authority has no direct role in the provisional liquidation.

However, as we mention above, we will be liaising with the UK Financial Conduct Authority in relation to any matters which are relevant to the discharge of our duties, including the Pending Monies.

**What role does the Luxembourg Commission de Surveillance du Secteur Financier have in relation to the Provisional Liquidation?**

The Provisional Liquidators understand that the company was not regulated by the Luxembourg Commission de Surveillance du Secteur Financier.

Therefore, the Luxembourg Commission de Surveillance du Secteur Financier has no direct role in the provisional liquidation.

However, we will all the same be liaising with the Luxembourg Commission de Surveillance du Secteur Financier in relation to any matters which are relevant to the discharge of our duties.

**I had heard that the Luxembourg Commission de Surveillance du Secteur Financier had appointed someone called Jean-Michel Pacaud as Supervisory Commissioner of the company - what role will he play in the provisional liquidation?**

We are liaising with M Pacaud in relation to the discharge of our duties as Provisional Liquidators and will continue to do so to the extent appropriate.

However, the order of the English court appointing the Provisional Liquidators means that we now have the exclusive power to control and manage the company's affairs.

**Why are there English Provisional Liquidators appointed by an order of an English court when the company was incorporated in Luxembourg?**

European Union law provides that a company whose "centre of main interests" is in a particular member state may be made subject to insolvency proceedings in that member state.

In this case, the English court found that the centre of main interests of the company was in England, and hence made the order appointing the Provisional Liquidators.

**What powers do the Provisional Liquidators have?**

A copy of the sealed court order appointing the Provisional Liquidators can be seen at [www.bdo.co.uk/arm-abs-sq](http://www.bdo.co.uk/arm-abs-sq). This sets out their powers.

### **In whose interests do the Provisional Liquidators act?**

The Provisional Liquidators are officers of the English court. The Provisional Liquidators are subject to the overall supervision and control of the English court.

This places very high standards of care on the Provisional Liquidators to act objectively and in good faith in the interests of the company, its bondholders and its other creditors.

Both of the Provisional Liquidators are further regulated as English Chartered Accountants and authorised insolvency practitioners.

**I have heard that Timothy Roberts and Andrew Wilkins have been disciplined by the UK Financial Conduct Authority in relation to Catalyst Investment Group Ltd - is Catalyst linked with the company and how does this affect the provisional liquidation?**

The UK Financial Conduct Authority's website states the following:

*"The Financial Conduct Authority (FCA) has published decision notices against Timothy Roberts, the chief executive, and Andrew Wilkins, a former director of Catalyst Investment Group Ltd (Catalyst). The FCA has decided to fine Roberts £450,000 and ban him from the industry; and fine Wilkins £100,000 and prevent him from holding senior roles in the future.*

*"The decision notices reflect the FCA's view of events and of Roberts and Wilkins' behaviour. Roberts and Wilkins have referred their cases to the Upper Tribunal, which will reconsider the case and may uphold, vary or cancel the FCA's decision. The Upper Tribunal's decision will be published on its website.*

*"Catalyst has also been censured by the FCA for recklessly misleading investors when promoting bonds offered by ARM Asset Backed Securities SA (ARM) between November 2009 and May 2010."*

The link to the UK Financial Conduct Authority's website relating to these sanctions is:

<http://www.fca.org.uk/news/fca-bans-and-fines-timothy-roberts-and-andrew-wilkins>

These sanctions are stated to relate to Catalyst Investment Group Ltd, and to Mr Roberts and Mr Wilkins as directors of the Catalyst Investment Group Ltd, each of them being regulated by the UK Financial Conduct Authority.

These sanctions do not directly affect the work of the Provisional Liquidators.

However, as Mr Roberts is currently a director of the company, the Provisional Liquidators are considering with their legal advisers the ramifications of these sanctions for the discharge of their duties.

In the meantime, bondholders and other creditors should note that the powers of all of the company's directors are suspended by the appointment of the Provisional Liquidators.

**Will the UK Financial Services Compensation Scheme cover any losses I have as a bondholder of the company?**

Our understanding is that the UK Financial Services Compensation Scheme is considering whether losses on the company's bonds may be covered to the extent that independent financial advisers regulated in the UK may be responsible for those losses. We further understand that the UK Financial Services Compensation Scheme will provide an update in November 2013.

We set out below links to the websites of the UK Financial Conduct Authority and the UK Financial Services Authority which may be of interest to bondholders.

<http://www.fca.org.uk/news/consumers/arm-investors#3>

<http://www.fscs.org.uk/news/2013/october/catalyst-investment-group-limi-5te68m91v/>

**Are there any other compensation schemes to cover losses on the company's bonds, for example in other countries?**

At this time, we are not aware of any such schemes. We have set out the UK schemes above for ease of reference for bondholders.

London, 16 October 2013