

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

The Provisional Liquidators' update to  
Bondholders and other creditors for the period 1  
October 2014 to 30 November 2014

## 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>Period</b>	1 October 2014 to 30 November 2014
<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>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 4 August 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 and 10 October 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 September 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 £36m has been paid to Bondholders.

1.6 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***

1.7 As previously advised, the fourth meeting of the AHC was held on 25 September 2014 and a fifth meeting was also held on the 26 November 2014.

1.8 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***

1.9 There are no additional details regarding the Pending Monies, ranking of the Bonds or exit process than those included in our report dated 10 October 2014. We continue to discuss these issues with the AHC - our last meeting focussed on this.

1.10 I would, however, like to assure Bondholders that we will either convene a further Bondholders' meeting and/or upload a detailed step by step plan of the process to ensure that all Bondholders have the opportunity to be involved and fully understand the process. We are not yet in a position to do this but intend to release further details as soon as practicable in 2015.

### ***Financial statements***

1.11 As previously stated, this process is now underway and we will provide copies of the audited accounts as soon as they are available.

### ***Investigations***

1.12 Interviews have commenced with the directors and former directors of the Issuer and to date we have spoken with 8 of the 13 individuals identified. All those interviewed to date have indicated a willingness to discuss matters further if and when required. We would hope to complete the initial stage of interviews by the end of 2014.

1.13 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***

- 1.14 FCIL, the purchaser of the portfolio of policies from the Issuer, has confirmed that they will make the next instalment payment of \$7,227,877 in line with the sale and purchase agreement on or by 31 December 2014.

***Bondholder Queries***

- 1.15 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 February given the Christmas and new year holiday period.



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Mark Shaw

Joint Provisional Liquidator

5 December 2014