

IBP Markets Limited – in Special Administration (“IBP” or “the Firm”) Frequently Asked Questions (“FAQs”)

Important Notice

While the information in this document is provided in order to assist clients and other stakeholders in relation to the Special Administration process, it should not be viewed as legal, financial, tax or other advice and all information in this document is qualified in its entirety by reference to the relevant statutory and legal provisions and documents referred to herein, as well as the definitive documents in relation to the disposal of any part of the business. Neither the Joint Special Administrators nor any of their advisors accept any responsibility for the current or continuing accuracy of this information and all stakeholders should arrange for independent advice in relation to the matters herein as required.

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Being alert to scams

All customers should remain alert to the possibility of fraud. If you are cold called by someone claiming to be from IBP Markets Limited or Teneo please end the call and contact Teneo on +44 121 619 0120 or IBP Markets Limited on +44 20 8159 0000 or compliance@ibpmarkets.com.

Contact details

Should you wish to contact a member of the Joint Special Administrators’ team, please use:

- Email: IBP.Clients@teneo.com / IBP.Creditors@teneo.com
- Website: www.ips-docs.com/case/IBPMA0001/IBPTeneo2023
- Helpline: +44 20 8159 0000 (the Firm); +44 121 619 0120 (Teneo)
- Post: IBP Markets Limited (in Special Administration), c/o Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, B4 6AT

Legal notice

David Philip Soden and James Robert Bennett both Insolvency Practitioners of Teneo Financial Advisory Limited, were appointed Joint Special Administrators of IBP Markets Limited (“the Firm”) on 13 October 2023.

The affairs, business and property of the Firm are managed by the Joint Special Administrators.

The Joint Special Administrators act as agents of the Firm and contract without personal liability. In performing their work in relation to this appointment, the Joint Special

Administrators are bound by the Insolvency Code of Ethics and regulated by the Institute of Chartered Accountants in England & Wales.

General FAQs

1) What is a Special Administration?

A Special Administration is an insolvency process which applies to situations where investment firms (which hold client money and custody assets), fail. It aims to ensure money is returned to clients as soon as practicable and acts in the best interest of those who are owed money.

The Joint Special Administrators will manage the affairs, business and property of the Firm for the duration of the Special Administration, and will pursue the following statutory Special Administration objectives:

1. To ensure the return of client money and custody assets as soon as reasonably practicable;
2. To ensure the timely engagement of market infrastructure bodies and Authorities; and
3. To either rescue the business as a going concern (or wind it up in the best interests of the creditors if this is not possible).

2) Who are the Joint Special Administrators?

David Philip Soden and James Bennett of Teneo Financial Advisory Limited were appointed as Joint Special Administrators on 13 October 2023.

3) What did IBP do and why has it entered special administration?

IBP is an FCA authorised and regulated wholesale broker, headquartered in London, providing custody services and access to equity and fixed income securities for non-retail clients.

Prior to the appointment of the Joint Special Administrators, the Financial Conduct Authority (“FCA”) identified a number of concerns around the operations of the business.

On 15 September 2023, the FCA placed restrictions on IBP’s activities as a direct result of these concerns, and in order to protect client money and custody assets the directors of IBP concluded that it could no longer trade outside of Special Administration.

IBP was subsequently placed into Special Administration on 13 October 2023 and further details can be found here:

<https://register.fca.org.uk/s/firm?id=001b000000NMGGrAAP#what-can-this-firm-do-restrictions>

4) What type of client am I?

IBP’s services are split between a ‘Model A’ and ‘Model B’ offering:

- The Model A offering provides the provision of execution and custody services directly to c.50 active wholesale clients.

- The Model B offering provides the provision of execution and custody services to three retail wealth managers, through a user interface platform.

If you are a Model A client, you may have a Title Transfer Collateral Arrangement (“TTCA”) account, or a CASS account, or both.

If you are a client of a Model B client, you will have a CASS account.

If you are a client of a Model B client (i.e. a retail client to one of the three retail wealth managers) please contact your contact at the wealth manager who has been provided with the relevant information by the Joint Special Administrators.

For the purposes of these FAQs:

- The terms “client money” and “custody assets” relate solely to CASS accounts.
- Model A clients with a TTCA accounts are “creditors” of the Firm for the balance of their TTCA account.

5) *What are the next steps for IBP and what does this mean for me as a client of IBP?*

The Joint Special Administrators are working with the Firm to achieve the statutory objectives of the Special Administration.

In the first instance, the Joint Special Administrators will carry out an assessment of the client money and custody assets held by the Firm to confirm the current position, with the assistance of the Firm. Due to deficiencies with IBP’s systems and controls this assessment may take some time.

This means that you will not be able to trade or otherwise use your custody assets or client money held with the Firm – they are effectively frozen as at 13 October 2023. All orders on client money or custody asset statements will cease to be accepted and no further statements will be issued.

Any TTCA Accounts you may have with the Firm are also frozen as 13 October 2023. All orders on TTCA statements will cease to be accepted and no further statements will be issued.

6) *Are you in contact with the FCA?*

Yes, the Joint Special Administrators are in regular contact with the FCA, and the FCA consented to the Joint Special Administrators being appointed.

A link to the FCA FAQ page on IBP and Special Administrations is:

<https://www.fca.org.uk/news/news-stories/restrictions-placed-ibp-markets-limited-and-firm-enters-special-administration>

7) Are you in contact with the FSCS?

Yes, the Joint Special Administrators are in contact with the Financial Services Compensation Scheme ("FSCS").

The Joint Special Administrators will work with the FSCS to determine the position of eligible clients and will provide further updates soon.

No action is required by you at this stage to this regard, however if the current situation is causing you immediate financial hardship, please make the Joint Special Administrators aware of your circumstances using the contact information provided.

If you are a client of a Model B client that is experiencing immediate financial hardship, please contact your contact at the wealth manager who has been provided with the relevant information by the Joint Special Administrators.

A link to the FSCS FAQ page on IBP Markets and Special Administrations is:

www.fscs.org.uk/making-a-claim/failed-firms/ibp-markets/

8) Are you in contact with the Financial Ombudsman Service?

Yes, the Joint Special Administrators are in contact with the Financial Ombudsman Service ("FOS") to determine what further action needs to be taken in respect of any claims.

If you have referred a complaint to the FOS, you don't need to take any further action at this stage.

To contact the FOS, please visit: <https://www.financial-ombudsman.org.uk/contact-us>, or call its helpline on 0800 023 4567.

If you have further queries regarding your FOS complaint, please contact the Joint Special Administrators using the contact information provided.

9) Do I need to take legal or other third-party advice?

Whilst any customer is entitled to obtain legal advice or seek the support of a third party, including claims management companies, there is no need for you to incur the cost of doing so. There are free legal advice services available, such as through Citizens Advice. More information can be found here: www.adviceguide.org.uk

CASS Client Assets

1) *What are CASS Client Assets?*

Client assets are assets that are subject to the FCA's CASS regulations and consist of client money and custody assets. Under CASS rules, Client Assets are segregated in accounts at third party banks/custodians.

A link to the FCA's CASS regulations can be found here:

<https://www.handbook.fca.org.uk/handbook/CASS>

2) *What is the difference between client money and custody assets?*

Client money is the cash held for clients by the Firm.

Custody assets are the individual stocks and shares and other investments that form the rest of a client's holding with the Firm.

3) *Did the Firm segregate client money and custody assets in line with the FCA's sourcebook CASS regulations?*

The Joint Special Administrators are carrying out an assessment of the client money and custody assets held by the Firm to confirm the current position, including reviewing the Firm records to assess the Firm's compliance with the CASS regulations.

The Joint Special Administrators are being assisted with this by the Firm.

As noted previously, prior to the appointment of the Joint Special Administrators, the FCA had concerns around the way the Firm operated its business.

We will provide further updates once our assessment of the client monies and custody assets is finalised. Due to deficiencies with IBP's systems and controls, this assessment may take some time.

4) *Does the Firm have a CASS client money and/or custody asset deficit or shortfall?*

Due to the current information and data provided to the Joint Special Administrators, it is not clear if there is shortfall in respect of client monies or custody assets.

The Joint Special Administrators will only be in a position to confirm this upon the conclusion of the reconciliation of client monies and custody assets, and this remains subject to any costs to distribute on the client monies or custody assets.

5) *If my client money is held in a segregated account, why can't it be returned immediately?*

Pursuant to the Special Administration Regime and the FCA's Client Asset rules, this is not permitted as client monies must be pooled (in the Client Money Pool).

This means that any client with client money claims will be entitled to receive a share of the Client Money Pool on a pro-rata basis.

Until the overall total of claims against the Client Money Pool are established, money cannot be returned to individual clients who have a claim against the Client Money Pool.

The Joint Special Administrators are working as quickly as possible to determine the quantum of the Client Money Pool so that confirmation can be provided in respect of the balance on individual client accounts and client assets can be returned as quickly as possible.

6) *What is the Client Money Pool?*

A Special Administration creates a “Primary Pooling Event” pursuant to the rules in the FCA CASS regulations. This means:

- All Client Money held by the Firm on 13 October 2023 is pooled into a single pool which is referred to as the Client Money Pool or “CMP”;
- Funds in the CMP need to be and have been reconciled to the cash that should be held for clients;
- CMP is returned on a pro-rata basis to clients & calculated on amount of monies that should be held for them in the CMP as a proportionate share of the entire CMP, less costs incurred in distributing the client monies.

7) *What about money received after the date of administration?*

All Client Money receipts received post pooling event on 13 October 2023 (i.e. dividend income and coupon interest) are held separately from CMP in designated post-pooling accounts, and will be reconciled and returned to the clients.

8) *Is there a shortfall in relation to client money?*

It is not clear if there is a shortfall with regards to the CMP. The Joint Special Administrators are urgently carrying out an assessment of the client money and custody assets held by the Firm to confirm the current position.

Due to deficiencies with IBP’s systems and controls, this assessment may take some time.

9) *I can see the value of my portfolio on my account, is that correct?*

The Joint Special Administrators are carrying out an assessment of the client money and custody assets held by the Firm to confirm the current position. Until this exercise has been completed, we are unable to confirm if the account information is correct.

10) What are the costs of distributing client money likely to be?

Costs incurred in distributing client monies are apportioned to each client with reference to their proportionate share of the CMP funds held. For example, if costs are at 1 pence in the £ on client monies, then a client with a claim of £1,000 in the CMP would receive a distribution of £990. A client with £10,000 would receive a distribution of £9,900;

At this stage we cannot give an estimate of the likely costs of distribution, but we will provide an update in due course.

11) Is there FSCS coverage for any shortfall?

In respect of the shortfall caused by the costs of distributing client money and custody assets, clients will be able to submit an unsecured claim for the shortfall in the Firm administration estate.

Further, eligible clients may be able to claim from the FSCS in the event of a shortfall (see question 15 for further details on the FSCS).

12) Is there a pooling of custody assets?

Unlike Client Money, there is no pooling of custody assets.

As such, custody assets will be returned on a client-by-client basis, less costs associated with distributing custody assets. A reconciliation exercise will be required to ensure custody assets match client details.

Clients will be able to submit an unsecured claim for the shortfall in the Firm administration estate for the costs associated with distributing custody assets.

Further eligible clients may be able to claim for the shortfall for the costs associated with distributing custody assets from the FSCS (see question 15 for further details on the FSCS).

13) What is the cost of returning custody assets?

At this stage we cannot give an estimate of the likely costs of distribution, but we will provide an update in due course.

14) When will I get my CASS client money and custody assets returned to me?

Subject to the outcome of the Joint Special Administrators' assessment of the client money and custody assets held by the Firm and the claims process, which will be provided to clients in due course, client monies and custody assets will be returned as soon as reasonably practicable.

15) What is the FSCS and can I claim compensation from it?

The FSCS is the compensation scheme for customers of failed UK authorised financial services firms. While the purpose of the FSCS is mainly to help private individuals, there are other categories of client that FSCS may be able to protect, including smaller businesses.

For eligible clients, the FSCS may cover client money and client asset shortfalls (including the costs associated with distributing money back to clients), and any other eligible claims against the firm, up to a total of £85,000.

The Joint Special Administrators are continuing to work with the FSCS to determine the position of eligible clients and will provide an update to eligible clients in due course.

No action is required by you at this stage to this regard, however if the current situation is causing you immediate financial hardship, please make the Joint Special Administrators aware of your circumstances using the contact information provided.

If you are a client of a Model B client that is experiencing immediate financial hardship, please contact your contact at the wealth manager who has been provided with the relevant information by the Joint Special Administrators.

Further information about FSCS and the Firm can be found at: www.fscs.org.uk/making-a-claim/failed-firms/ibp-markets/

For general information please see the FSCS website: <https://www.fscs.org.uk/>

16) I am unable to meet my monthly outgoings due to the loss of access to my investments. Is there any support available?

The Joint Special Administrators are unable to release any client money or assets immediately.

If the current situation is causing you immediate financial hardship, please make the Joint Special Administrators aware of your circumstances using the contact information provided.

If you are a client of a Model B client that is experiencing immediate financial hardship, please contact your contact at the wealth manager who has been provided with the relevant information by the Joint Special Administrators.

Please note that there may be tax implications for Clients even when requesting funds in a hardship situation. Clients should seek their own professional tax advice to this regard. Neither the Joint Special Administrators nor any of their advisors are able to provide such tax advice.

TTCA Assets FAQs

1) What are TTCA Assets?

TTCA refers to an agreement under which collateral is provided by one party (the “Collateral Provider”) to the other (the “Collateral Receiver”) on a “title transfer basis”.

This means that the Collateral Receiver – the Firm - receives full title (i.e. legal ownership) to that collateral from the Collateral Provider – the client.

2) What is the impact of the Special Administration on TTCA?

Clients with a TTCA Account are “creditors” of the Firm for the monetary value of the assets on their TTCA Account as at the date of Special Administration.

TTCA Accounts have been frozen as at 13 October 2023, and the Joint Special Administrators are currently working closely with their lawyers to evaluate TTCA Clients’ rights against IBP.

All orders on TTCA statements will cease to be accepted and no further statements will be issued.

3) What are the Joint Special Administrators’ plans for TTCA?

The Joint Special Administrators are working to maximise the value in the Firm’s assets for the benefit of TTCA Clients and the Firm’s other creditors.

4) Is there any preference for TTCA clients?

No. TTCA clients are unsecured creditors of the Firm and there are no rights to claim against specific assets. All unsecured creditors will be paid *pari passu*, i.e. will all receive the same p/£ recovery.

5) How can I submit my unsecured claim?

Once our assessment of TTCA Clients’ rights is complete, TTCA Clients (and other creditors) will be able to submit claims against the Firm for repayment of amounts owed to them.

Further details will be provided to TTCA claims regarding the claims process in due course, however if you wish to speak to one of the Joint Special Administrators regarding your claim now, please contact IBP.Clients@teneo.com.

6) *Can I have a statement of my TTCA balance?*

Statements for TTCA clients are available up to (and including) 12 October 2023. Please contact your existing relationship advisor to receive to ensure you have the most up to date statement. Statements after 13 October 2023 are not available.

Trade creditor FAQs

1) *I am a supplier of the Firm, what do I do?*

The Joint Special Administrators have contacted all known creditors regarding outstanding balances and on-going supply (if required).

If you have not been contacted, please contact your normal Firm contact or IBP.Creditors@teneo.com

2) *I am a creditor of the Firm, what should I do regarding outstanding balances due to me?*

Amounts outstanding at the date of appointment are unsecured claims and creditors will need to submit a proof of debt form in order to lodge their claim.

The Joint Special Administrators will write to all known creditors regarding outstanding balances and submitting a claim within 7 days of appointment.

If you have not been contacted, please contact your normal Firm contact or IBP.Creditors@teneo.com

3) *How much will I recover on my claim?*

At this stage it is too early to estimate the likely recovery for unsecured creditors.

Statutory FAQs

1) How do the Joint Special Administrators get paid?

The remuneration and expenses of the Joint Special Administrators will be paid out of the assets of the Firm. This is subject to agreement by the creditors, or creditors' committee, if appointed.

2) What are you doing to try and rescue the business?

We will work to establish if the Firm can be rescued as a going concern, however, based on the Joint Administrators' initial assessment, we consider that it is unlikely that the Firm can be rescued as a going concern. It is likely that the Firm will be wound up in the best interests of creditors.

3) Is the former management team still involved?

The Joint Special Administrators are working with the management team in order to: (i) assist the Joint Special Administrators and their team to understand the business; (ii) assist with the assessment of the client money and custody asset position; and (iii) maximise the value of the available assets for the benefit of creditors.

4) Are salaries paid up to date?

Yes

5) When will a further update be provided?

The Joint Special Administrators intend to update these FAQs regularly and will write to creditors again in the event there is a material change to the situation.

Further, the Joint Special Administrators will write to you with their proposals for the Special Administration within 8 weeks of the appointment date.

A meeting of clients and creditors will also be convened shortly.

6) Will there be a creditors committee?

A creditors committee can be established to assist the Joint Special Administrators fulfil their obligations. A creditors committee is typically established at a Creditors Meeting, which must be called within 10 weeks of appointment.

Given the nature of the appointment, we anticipate that creditors will request a committee, which we would welcome. Membership will be between 3 and 5 members, and we will seek a broad cross section of creditors (in terms of sizes and rights) to ensure there is adequate representation of the wider creditor population.

Glossary

Term	Definition
CASS	Client Assets Sourcebook
CASS Clients / CASS Accounts	Clients / Accounts which are subject to the FCA's CASS regulations
CASS Client Assets or Client Assets	Client Money and Custody Assets
Client Money	Cash held for clients by the Firm which are subject to the FCA's CASS regulations
CMP	Client Money Pool
Collateral Receiver	Receiver of the title (i.e. legal ownership) of the collateral related to a TTCA
Collateral Provider	Provider of the title (i.e. legal ownership) of the collateral related to a TTCA
Custody Assets	Individual stocks and shares and other investments held for clients which are subject to the FCA's CASS regulations
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
FSA	Financial Services Authority
FSCS	The Financial Services Compensation Scheme
Objectives	Special Administration Regime objectives
Regulations	The Investment Bank Special Administration Regulations 2011
The Authorities	The Bank of England, the Treasury and the FCA
TTCA	Title Transfer Collateral Arrangement
TTCA Clients / TTCA Accounts	Clients / Accounts that are subject to Title Transfer Collateral Arrangements
TTCA Money	Cash subject to Title Transfer Collateral Arrangements