

Dolphin Financial (UK) Ltd (in special administration)

Joint Special Administrators' progress report for the period from 30 June 2022
to 29 December 2022

Court no: 1111 of 2021

27 January 2023

evelyn
PARTNERS

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1. Glossary

Abbreviation	Description
EP	Evelyn Partners LLP
Bar Date	A deadline for Clients to submit their claims in respect of Client Money and/or Client Custody Assets
Britannia	Britannia Global Markets Limited – a purchaser of certain assets of Dolfin Financial (UK) Ltd
CASS	The FCA's "Client Assets Sourcebook" rules
CASS Reconciliation	A reconciliation of Client Assets undertaken by the JSAs following their appointment
Client	A party for whom the Company held either Client Money and / or Client Custody Assets
Client Assets	Client Custody Assets and Client Money
Client Custody Assets	Securities which the Company held for Clients at 30 June 2021 (whether or not on trust and whether or not the undertaking has been complied with).
Client Money	Cash balances that the Company has received or holds for or on behalf of a Client in the course of, or in connection with any of its businesses as referenced in CASS 7.10.1 and any money that the Company treats as Client money in accordance with the Client Money Rules contained in CASS 7.10. to 7.19
Client Money Rules	CASS 7 and 7A, the provisions for the handling, distribution and transfer of Client Money
Committee	The Clients and Creditors Committee, consisting of the following members: Dolfin Asset Services Limited (represented by Mr T Symes of Stewarts Law) RMS Investment Funds SPC (represented by Mr P Theologites) Mr Shiqi Xu (represented by Mr L Chua of Jackson & Lyon LLP) Mr Ye Li (represented by Mr N Zang) Mr Rob Watts
Client Money Pool / CMP	The pool of Client Money held on trust by the Company in accordance with the Client Money Rules and which has been pooled in accordance with CASS 7A.2.4 for the purpose of returning the Client Money, including by way of a transfer to a subsequently nominated broker(s)
Company / Dolfin	Dolfin Financial (UK) Ltd (in Special Administration)
Court	High Court of Justice, Business and Property Courts of England and Wales
Creditor / unsecured creditor	A party owed an amount from the Company, including i) a Client who is not entitled to participate in the Client Money Pool nor entitled to Custody Assets held by the Company; ii) a Client with a shortfall of either Client Money or Custody Assets; iii) any other creditor, which is neither secured nor preferential, who is owed an amount from the Company.
DP / Distribution Plan	A statutory Distribution Plan, pursuant to the Regulations and the Rules, to facilitate the return of Client Custody Assets
DWF	DWF Law LLP, legal advisors to the Company and, since their appointment, to the JSAs
Foot Anstey	Foot Anstey LLP, legal advisors to the JSAs since their appointment on certain matters
FCA	Financial Conduct Authority

FSCS	The Financial Services Compensation Scheme
HMRC	His Majesty's Revenue & Customs
House Assets	The Company's own assets
the JSAs / we / us	The Joint Special Administrators, being Adam Henry Stephens and Kevin Ley of EP
Lewis Silkin	Lewis Silkin LLP, employment legal advisors to the Company and, since their appointment, to the JSAs
Objectives	The three statutory objectives of a Special Administration set out in Regulation 10 of the Regulations, being: Objective 1 – to ensure the return of Client Assets as soon as is reasonably practicable Objective 2 – to ensure timely engagement with market infrastructure bodies, The Bank of England, The Treasury and the FCA pursuant to regulation 13 of the Regulations Objective 3 – to either rescue the Company as a going concern or, alternatively, to wind it up in the best interests of the Company's Creditor
PPE	Primary pooling event
PPM	Post pooling money comprising corporate action income and any other Client Money received after the PPE on 30 June 2021
Preferential creditor	Claims for unpaid wages earned in the four months before insolvency, up to £800, holiday pay of up to 6 weeks, certain unpaid pension contributions and some HMRC liabilities
Prescribed part	The sum set aside for unsecured creditors from floating charge funds, in accordance with s176a of the IA86 and the IA86 (Prescribed Part) Order 2003 as applied by Regulation 15
Proposals	The JSAs' proposals for achieving the Objectives of the Special Administration issued on 17 August 2021 and approved on 2 September 2021
Regulations / IBSA	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Residual Client Book / RCB	Clients and their Client Assets remaining held by Dolfin
RPS	The Redundancy Payments Service, being a government department that pays outstanding entitlements to employees in the event their employer is insolvent (subject to statutory limits)
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
SAR	The Special Administration Regime, to include the Regulations and the Rules
Secured creditors	Creditors with security in respect of their debt, in accordance with s248 IA86
Special administration	The Special Administration of the Company following the Court order dated 30 June 2021
SIP	Statement of Insolvency Practice (England & Wales)
S&W	Smith & Williamson LLP (now Evelyn Partners LLP)
Tilney	Tilney Discretionary Portfolio Management Ltd – Investment Operation Team

2. Introduction and summary

This report provides an update on the progress of the Special Administration for the six-month period ended 29 December 2022. It should be read in conjunction with all previous reports and the Proposals. To date, there has been no deviation from the strategy outlined in the approved Proposals.

In summary, during the period we have:

- Engaged with our lawyers and Counsel in drafting a DP, Transfer Agreement and Cost Allocation Model. We originally hoped to begin returning assets from Q4 2022 – Q1 2023. However, in addition to the Court application made by a Client (see below), there remain outstanding regulatory matters which have impacted the timeline. We remain committed to delivering the DP at the earliest opportunity once the regulatory matters are sufficiently addressed. We continue to engage the market infrastructure bodies with that in mind. However, we believe that transfers will not commence before the end of Q1 2023 at the earliest;
- Provided assistance in respect of the market infrastructure bodies' ongoing enquiries into the conduct of Dolfin and office holders;
- Liaised with the proposed Nominated Brokers and FCA in respect of challenges and viable solutions in managing the transfer of illiquid assets;
- Calculated the deferred consideration due from Britannia and sought agreement and payment of that consideration;
- Sought to conclude an exercise in engaging Clients who failed to respond to the issue of client statements;
- Successfully defended a Court action instigated by one client in respect of information presented in prior progress reports.

We would urge any Client who has not yet reviewed and completed their Statement of Claim Form to do so as a matter of urgency. If you have any queries (or require a further copy), please contact Jack McGinley at jack.mcginley@evelyn.com or telephone at 020 7131 4452.

In addition, we continue to:

- Safeguard all Client Money, Client Custody Assets and House Assets. This includes reconciling Client positions and managing the bank accounts maintained by Dolfin prior to Special administration. We have also maintained working agreements and practices with all of Dolfin's sub-custodians;
- Maintain the necessary systems to ensure that Client Assets are secured and properly accounted for, which includes dealing with key suppliers and contractors retained to assist in the process;
- Manage sales of the remaining chattel assets;
- Investigate and, where possible, recover debts due to Dolfin;
- Assist, defend or deal with ongoing legal matters in respect of Clients and their Assets, Dolfin's affairs and the conduct of the Special administration;
- Liaise with relevant market infrastructure bodies, including frequent contact with both the FCA, FSCS and other government departments; and
- Comply with our statutory obligations including periodic reporting and otherwise communicating with Clients, Creditors and other stakeholders.

Further detail in respect of work undertaken to date is detailed below and in the appendices.

By way of a reminder from 14 June 2022, Tilney Smith and Williamson commenced operating under the single new brand of Evelyn Partners LLP. This is a change to our brand only, the services provided are not expected to be affected.

3. Progress of the Special Administration

This section provides Clients and Creditors with an update on how we have been pursuing the strategy of the Special Administration with a view to achieving the three Objectives, as well as the progress made in the six-month period ending 29 December 2022 (the Period).

3.1.1 Objective 1 – Returning Client Money and Client Custody Assets as soon as reasonably practicable

3.1.2 DP Strategy

Following approval by the Committee, we began the process of preparing a DP, transfer agreement and cost allocation model that would enable Dolfin to begin returning Client Money and Client Custody Assets, subject to the approval of the Committee and the Court. It was envisaged that the return of assets would commence from Q4 2022 – Q1 2023. However, in addition to the Court application made by a Client, there remain outstanding regulatory matters which have impacted the timeline.

We remain committed to delivering the DP at the earliest opportunity, once the regulatory matters are sufficiently addressed and we continue to engage the market infrastructure bodies. However, we believe that transfers will not commence before the end of Q1 2023. As soon as there are material developments on the timeline, we will provide an update on the website:

[Dolfin - Evelyn web page](#)

3.1.3 Client Statements

On 28 February 2022, the JSAs issued Clients with statements to show their Client Custody Assets and Client Money balances held with Dolfin on 30 June 2021. Clients were asked to confirm their claim for Client Assets and to date over 200 responses have been received.

We urge any Client who has not yet completed their form to contact Jack McGinley.

Further details on the Soft Bar Date Notice (SBDN) and DP are provided in 3.1.9 below.

3.1.4 Client debtors

As reported in our earlier reports, significant inconsistencies were identified in Client aged management charges recorded in the SAGE and IMS records (client software).

The JSAs and their team have spent substantial time seeking to identify the correct amount due from each Client, further details of which are set out below in 3.3.5 below.

3.1.5 Safeguarding and reconciling Client Custody Assets and Client Money

We continue to operate post administration bank accounts, in accordance with CASS rules, to segregate PPM received and perform CASS reconciliations, as required. We are regularly liaising with the Dolfin sub custodians and banks to ensure Client Custody Assets and Client Money are safeguarded and correctly reconciled.

All Client Money balances and PPM received are held in originating currencies and balances will be returned to Clients in the currency held.

PPM are funds received in relation to Client Custody Assets held, such as dividends and maturity proceeds, with the funds held in segregated bank accounts.

3.1.6 Maintaining critical operations

As at the date of this report, we continue to engage the services of four consultants to assist us to:

- Maintain IT systems;
- Secure and reconcile Client Assets and account for PPM;
- Liaise with the FCA and FSCS; and
- Communicate with Clients.

We continue to monitor costs and eliminate them when appropriate. These efforts continue to be hampered by historic reliance on the legacy investment management software and historic maintenance of the underlying data.

3.1.7 Client communications

We continue to communicate with Clients, their appointed advisors and Creditors via the Dolfin web page, email accounts and direct contact. We post updates on the web page as material issues arise or when there is material progress to report. As a reminder, the page address is:

Dolfin web page: [Dolfin - Evelyn web page](#) | Email: Dolfin.transfer@evelyn.com

3.1.8 Client Assets -Britannia

On 12 July 2021, the JSAs completed a sale of certain Client contracts to Britannia. As at the date of this report all possible transfers have been completed. We are seeking to agree and recover deferred consideration from Britannia. For commercial reasons, we cannot disclose the substance of negotiations with Britannia.

3.1.9 Client Assets - DP

On 7 July 2022, the Committee agreed that the JSAs should proceed to draft a DP and continue to refine the process by which costs would be recovered. The return of Client Custody Assets, Client Monies and PPM will be undertaken by way of a transfer to one or more Nominated Brokers under regulations 10B and 10C of the Regulations, under the protection of an approved DP. The JSAs have identified nominated broker(s) that are willing to act as new custodians for the RCB and discussions are ongoing.

As stated in 3.1.2, we originally hoped to begin returning assets from Q4 2022 – Q1 2023. However, there remain outstanding regulatory matters that have impeded the drafting, approval and implementation of the DP. Progress was also delayed by the need to devote considerable resource to respond to Court applications issued by a Client, in respect of previous progress reports. These applications were dismissed following a hearing on 12 January 2023.

As noted, we anticipate that transfers will not commence before the end of Q1 2023.

As part of the DP process, on 6 July 2022 we issued the SBDN, with a return date of 29 July 2022. The SBDN represented the discretionary deadline by which:

- Clients were required to return their Statement of Claim (or otherwise submit their claim(s)) to register their Client Money and Client Custody Assets claim(s); and
- Those parties asserting a Security Interest Claim were required to submit details of any claim, to the JSAs.

If you are a Client and are yet to submit your claim / verify your Client Asset holding position at Dolfin, please refer to the SBDN link below and contact us as soon as possible:

[Dolfin SBDN and contact details](#)

3.1.10 Costs of returning Client Assets

The SAR provides that Objective 1 costs associated with the return of Client Custody Assets are to be paid out of Client Custody Assets and Objective 1 costs attributable to the distribution of the Client Money are to be paid out of the Client Money Pool.

Surplus House funds may be used to offset the costs of returning Client Assets, but it is unlikely there will be a surplus of these funds.

As the FSCS has currently determined that its requirements for paying compensation have not been met, Dolfin Clients will be required to fund the costs of transferring their own assets. We have been in discussion with the Committee regarding these costs and how they may be allocated. Once the discussions are complete, the final position will be shared with Clients as part of the process for the approval of the DP.

3.1.11 Consulting with the Committee

We continue to consult with the Committee. In addition to ad hoc calls, email exchanges and updates (the last of which was issued on 23 January 2023), Committee meetings have been held as follows:

Date	Principle purpose	Resolutions
10.11.21	Strategy, progress, pre appointment fees, costs update	Approval of pre appointment fees
26.01.22	Progress, sale of RCB, likely need for DP, costs update	None proposed
7.07.22	Progress, end of sale process, costs update, DP strategy, and cost modelling option for DP	None proposed but Committee minutes dealt with acceptance of DP strategy and development of selected cost models

3.2 Objective 2 – Engagement with market infrastructure bodies

3.2.1 FCA

We continue to liaise with the FCA in relation to our strategy for achieving the objectives of this SAR, the transfer of Client Assets (development of a DP, transfer agreement and cost allocation model), Client positions, regulatory compliance matters and statutory reporting requirements.

3.2.2 FSCS

The FSCS has determined that the requirements for paying compensation under its rules are not met in this case. We remain in continued dialogue with the FSCS in respect of compensation for certain classes of Clients. All Clients are free to contact the FSCS, which may wish to consider claims on a case-by-case basis.

3.3 Objective 3 – Rescue the investment bank as a going concern or wind it up in the interests of creditors

As a result of the potential indebtedness of Dolfin and restrictions imposed by the FCA, as a consequence of compliance failures, it was not possible to rescue the Company as a going concern and / or effect a sale of its shares. We continue to focus on winding up the affairs of Dolfin in the best interests of its Clients and Creditors, in accordance with the proposals approved on 2 September 2021.

3.3.1 House Assets

House Assets are those assets owned by Dolfin as opposed to those held on trust for Clients. Proceeds from the sale of House Assets are used to pay, in the following order; the expenses of the special administration relating to the pursuit of Objectives 2 and 3, preferential debts and ordinary unsecured creditors.

Given the minimal House Assets available, proceeds from the sale of the House Assets will not be sufficient to cover the expenses of the Special Administration chargeable against those assets. Any deficiency in House Assets is not recoverable from Client Assets.

At the date of this report, we have realised House Assets totalling £3,184,582, as shown in the Receipts and Payments at Appendix I. Material realisations comprise:

	Realisations as at 29 December 2022	Estimated future realisations	
	£	Worst case £	Best case £
Cash at Bank*	1,696,632	Nil	Nil
Britannia sale	600,000	Uncertain	600,000
Business rates refund	60,633	60,000	132,000
Debtors	21,596	70,021	Uncertain
Corporate artwork	Nil	11,820	60,000
Totals	2,378,861	141,841	792,000

*converted to GBP as at date of realisation.

3.3.2 Cash at bank (also sometimes referred to as House accounts)

The Bank credit balances at the time of our appointment on 30 June 2021 comprised a combination of house cash and cash retained for transaction charges in multiple currencies. The accounts and the credit balances were transferred to new accounts and remain under the JSAs' control.

3.3.3 Britannia sale

Initial consideration of £600,000 was received on 12 July 2021. As at the date of this report all possible transfers have been completed and we are now seeking to agree and recover the deferred consideration.

The proceeds from the sale will first be used to discharge costs incurred in relation to the sale and the transfers of Clients' Assets in this regard.

3.3.4 Business rates refund

During the period, our agents continued to pursue a potential rates refund, estimated between £60,000 to £132,000. The refund is actively being pursued and it may take a further 6 months to conclude .

3.3.5 Debtors

Realisations shown in the table at 3.4 represent Client debtor payments collected since our appointment for sums owed by Clients who transferred to Britannia.

Included within Client Debtors of £3.6m, disclosed in the directors' Statement of Affairs, are aged Client debts of £2.1m. We investigated the nature of the aged debts and issued requests for explanations or payment to all Clients for whom we had contact details.

As set out in earlier progress reports, the JSAs have undertaken an extensive review of the debts recorded by Dolfin as payable to the Company. On the basis of our investigations and replies received to date, we do not believe that many of the debts are recoverable.

The "worst case" recoveries represent debts which have been agreed to date but can only be collected once the DP is approved at Court.

3.3.6 Corporate artwork

The Company's management accounts referenced items of art with a book value of approximately £62,000. Rabbows has been instructed to assist us in valuing the artwork and provide strategies for marketing it. The unusual pieces of large artwork have been installed in a gallery on a consignment sale basis.

The market for large artwork has been adversely impacted by the current economic climate. We have been notified of one interested party and that there will be a retrospective of the artist's work in Q2 2023. As a consequence of the retrospective, the agent advised against a general auction sale in August 2022. If the remaining interest lapses and the retrospective fails to generate a sale , we will consider placing the remaining art in auction at the earliest opportunity.

4. Receipts and payments

Attached at Appendix I is our receipts and payments account for the period from 30 June 2022 to 29 December 2022. This account includes cumulative figures for the period from 30 June 2021 to 29 December 2022. We have summarised notable receipts in 3.4. The receipts and payments account also includes a comparison with the directors' Statements of Affairs values.

To achieve Objective 1, it remains necessary to maintain critical House operations and retain certain former staff to assist with the process.

Please note that all balances presented in the Receipts & Payments account at Appendix I are shown inclusive of VAT.

4.1 Wages and salaries

No waged or salaried staff were retained during the period. All staff are now contracted to Dolfin in Special Administration. In the period consultancy fees totalling £127,581.65 have been paid.

4.2 IT suppliers

We continue to retain the services of key suppliers, albeit at a reduced capacity, to maintain and interrogate the historic IT systems, the key one being IMS which holds all Client data. A total of £62,528.57, has been paid to IT Suppliers during this reporting period.

4.3 Agents' fees and expenses

Further details in respect of the agents and professional advisors engaged are included at Appendix VI. No fees have been paid during the reporting period.

4.4 Custodian charges

During the period covered by this report, custodian charges in the sum of £41,893 have been paid to the following:

- Bank of New York Mellon
- Lloyds Bank Plc
- BCS Prime Brokerage Limited
- International Fund Services & Asset Management SA

In addition to the above, interest charges levied against client money balances in the sum of £44,811 have also been settled.

5. Costs of the Special Administration

As noted in earlier reports, the professional costs of the Special Administration to date can be split into the following three categories:

- a. the pre-Special administration costs incurred by EP and DWF;
- b. post-appointment remuneration; and
- c. post-appointment expenses and disbursements (to include category 1 and category 2 disbursements).

Further detail in respect of these costs is provided below.

5.1 Pre- Special Administration costs

As previously reported, the committee approved EP's pre appointment costs of £195,694.04 plus VAT, as well as DWF's pre appointment costs of £88,116.70 plus VAT. These costs have been drawn.

Approved category 2 disbursements in the sum of £23,4447.96 plus VAT were drawn during the period covered by this report.

5.2 Post-Special Administration costs

5.2.1 Basis of the JSAs remuneration

As the JSAs, we are entitled to receive remuneration for services given in respect of:

- Objective 1, which will be paid out of Client Assets (subject to any FSCS compensation not being received in respect of a respective Client's share of the costs); and
- Objectives 2 and 3, which will be paid out of House Assets.

The basis of our remuneration may be fixed:

- As a percentage of the value of the property with which we must deal; or
- By reference to time properly spent by us (when in office) and our staff in attending to matters arising in the Special Administration, or
- As a set amount; or
- By any combination of the above.

The basis upon which we may be remunerated is a matter for the Committee to consider and approve by way of resolution in accordance with the Regulations and Rules. At present the basis of the JSAs remuneration has not been fixed.

A guide for creditors on insolvency practitioners' fees in administration is available [here](#). Please note that this guide is not wholly relevant to the special administration regime for investment banks, such as Dolfin:

ICAEW SIP 9

We have previously provided our guide for creditors in respect of insolvency practitioners' fees in Special Administration, however, please note that this is now available for download at:

SIP 9 SAR

Should you require a paper copy of these documents please email Dolfin.transfers@evelyn.com and it will be sent to you at no cost.

5.2.2 The JSAs' time costs to 29 December 2022.

During the period from 30 June 2022 to 29 December 2022, we incurred total time costs of £785,558.53, which represents 1,437.07 hours at an average charge out rate of £546.64 per hour.

At Appendix II we provide a detailed analysis of the time costs by reference to the grade of staff used and work done. The information is provided in accordance with SIP 9. A detailed narrative of the tasks undertaken in respect of each work activity is also set out within Appendix II.

Also attached at Appendix III, is a cumulative time analysis for the period from 30 June 2021 to 29 December 2022 which provides details of the special administrators' time costs since appointment.

The JSAs have not yet drawn any post appointment fees and will seek approval from the Committee in due course.

Clients and creditors should be aware that some work is required by statute and may not necessarily provide any financial benefit to Clients and creditors. Examples include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the Company and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A Creditor's Guide to Administrator's Fees," as produced by R3, is available free on request or can be downloaded from their website as follows:

R3 Guide

In common with many professional firms, our scale rates rise to cover annual inflationary cost increases (which readers will be aware have been particularly high of late) and accordingly our rates have risen on average by approximately 7% with effect from 1 July 2022.

Following our merger on 1 September 2020 there has been a change to our financial year-end. As a result, we reviewed our charge-out rates on 1 January 2023. Any rate changes from 1 January 2023 are not relevant to this reporting period.

Details of Evelyn Partners LLP's charge out rates (including any changes during the case) along with the policies in relation to the use of staff are provided at Appendix IV.

We have no business or personal relationships with the parties who approve our fees.

We have no business or personal relationships with those who provide services to the special administration where the relationship could give rise to a conflict of interest.

5.3 Expenses

5.3.1 Professional advisors' and agents fees and expenses

During the reporting period we continue to engage a number of professional advisors and agents. At Appendix VI we have detailed the basis on which these advisors were engaged and our fee arrangement with each (which is subject to review on a regular basis) and the costs incurred to date.

5.3.2 Disbursements

From time to time it may be necessary for EP to pay certain expenses relating to work being undertaken. The JSAs are permitted to charge and recover such disbursements which are classified as either category 1 or category 2 disbursements.

Category 1 disbursements are expenses paid by EP to third parties and are recoverable without approval. These are detailed at Appendix VII.

Category 2 disbursements are internal expenses incurred by EP that include an element of allocated costs or a profit element. Category 2 disbursements are subject to the same approval as the JSAs' remuneration.

We engaged the services of our Investment Operations Team (Tilney) to assist with our reconciliation exercise and ongoing CASS reconciliations however, no further time costs have been incurred in this regard during the period covered by this report, as shown at Appendix VIII.

In accordance with the Regulations and the Rules, the drawing of Category 2 disbursements is subject to the approval of the Committee.

6. Investigations

We have complied with our duty under the Company Directors Disqualification Act 1986 to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were directors at the date the Company entered administration, or who held office at any time during the three years immediately preceding the administration. As all submissions are strictly confidential, we are unable to disclose their content.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate.

Our investigations remain ongoing, and we continue provide information and assistance to certain regulatory authorities, as and when is deemed appropriate. These matters remain confidential. **Clients and creditors are urged to come forward with any other information which might assist us in making recoveries.**

7. Estimated outcome

7.1 Clients

It remains the intention of the JSAs to return Client Assets in full, subject to any deductions that may be required to pay the associated costs of returning them. The FSCS has determined that the requirements for paying compensation under its rules are not met in this case. We remain in dialogue with the FSCS in respect of compensation for certain classes of Client and all Clients are free to contact the FSCS, which may consider claims on a case-by-case basis. Absent any FSCS compensation, the costs of returning Client Assets must be paid from Client Assets.

Following approval of the Committee, we began the process of preparing a DP, transfer agreement and cost allocation model that should allow us to begin returning Client Money and Client Custody Assets subject to the approval of the DP by the Committee and the Court. We hoped to begin returning assets from Q4 2022. However, there remain outstanding regulatory matters that have resulted in the suspension of the drafting of the DP.

We remain committed to delivering a DP at the earliest opportunity once the regulatory matters are resolved. However, we believe it's unlikely that transfers will commence in Q1 2023. When we have any material updates that allow us to continue drafting the DP, we will be in touch with the Committee.

We will also continue working with the Committee to agree the most appropriate basis and methodology for allocating the costs incurred in pursuing Objective 1 in respect of Client Assets. Further details will be provided in due course.

7.2 Creditors

7.2.1 Secured creditors

We are not aware of any secured creditors.

7.2.2 Preferential creditors

We are aware of the following preferential creditors in respect of:

- Employee claims: RPS submitted a claim of £27,984.40; and
- HMRC: A secondary preferential claim for £170,014.02.

It is unlikely that there will be funds available to make a distribution to either the primary or secondary preferential creditors.

7.2.3 Unsecured creditors

We are aware of the following unsecured creditors in respect of:

- Employee claims;
- Trade and expense creditors; and
- HMRC

Creditors who have yet to register their claims may do so by completing and returning the form available at:

[Dolfin - Evelyn web page](#)

8. Other matters

8.1.1 Connected party transactions

There have been no connected party transactions in this reporting period.

9. Outstanding matters

The remaining actions to be concluded in the administration are as follows:

- The deferred consideration in respect of the Britannia transaction;
- Finalising a DP, transfer agreement and cost allocation model and seeking approval from the Court, Committee and other stakeholders;
- Following approval of a DP, transferring Client Assets to new broker(s);
- Tracing the small number of clients who are yet to actively engage in relation to Client statement verification;
- Resolving the small number of remaining Client statement queries and completing the verification of Client statements;
- Collecting recoverable book debts owed to the Company;
- Concluding investigations into the Company's affairs, management and any potential claims arising;

- Dealing with outstanding legal matters including the consequential of the applications issued against, and successfully defended by, the JSAs under Rule 201 Investment Bank Special Administration (England & Wales) Rules 2011;
- Recovering any business rates refund due;
- Selling the Recycle Group artwork;
- Obtaining tax clearance; and
- Closure of the Special Administration, including preparing and issuing the final report.

10. Privacy and data protection

As part of our role as JSAs, we would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at www.evelyn.com/rsgdpr.

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

11. Duration and exit from the Special Administration

As set out previously, a special administration does not automatically end after 12 months.

Once we consider that the Objectives of the Special Administration have been met, it may be concluded by either:

- making an application to the Court under paragraph 79 of Schedule B1 to the Act and seeking any order necessary (which may include a request to place the Company into liquidation); or
- filing a notice with the Court and Registrar of the Company's dissolution.

As stated previously, there is no prospect of the investment bank being rescued as a going concern. At this stage, it is not possible to provide a definitive timescale for the duration of the Special Administration.

12. Creditors' rights

Within 21 days of the receipt of this report, an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the JSAs provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive. These rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Adam Henry Stephens or Kevin Ley in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 45 Gresham Street, London EC2V 7BG or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gov.uk

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

13. Next report

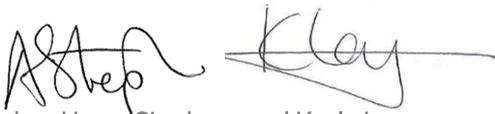
We remain focussed on returning the remaining Client Assets as quickly as possible and will notify stakeholders of any material developments on that matter as soon as practicable.

We are required to provide a progress report within one month of the end of the next six months of the Special Administration or earlier if all matters have been finalised.

Regular updates to Clients will also be provided, as and when appropriate, and uploaded to our webpage:

[Dolfin - Evelyn web page](#)

We appreciate you supporting us in progressing this special Administration. Thank you.



Adam Henry Stephens and Kevin Ley

Joint Special Administrators

Date: 27 January 2023

Adam Henry Stephens and Kevin Ley have been appointed as joint special administrators of the Company on 30 June 2021.

The affairs, business and property of the company are being managed by the joint special administrators as agents and without personal liability.

All officeholders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: www.evelyn.com/insolvency-licensing-bodies.

The joint special administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the joint special administrators. Personal data will be kept secure and processed only for matters relating to the joint special administrators' appointment.

The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at www.evelyn.com/rsgdpr.

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office.

Registered in England at Gresham Street, London EC2V 7BG No OC369631.

Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.

Appendices



I Receipts and payments account

Receipts and payments account to 29 December 2022 – House account

Statement of Affairs		30/06/2022	30/06/2021
£	From To	29/12/2022	29/12/2022
	RECEIPTS		
	Bank charge refunds	-	110
	Bank Interest Gross	912	1,106
	Business rates refund	-	60,633
Uncertain	Furniture & Equipment	-	800
17,538.00	IT Software	-	-
2,000.00	Investment in group undertakings	-	-
151,472.00	HMRC - VAT and Corporation Tax repayments	-	-
61,708.00	Artwork	-	-
NIL	Trademarks	-	-
	Interest paid on late VAT refund	1,646	1,646
	Legal & General employee benefits ref	4,423	4,826
	Lewis Silkin Funds on account	-	1,004
	Pre-paid card refunds	-	21,078
	BUPA refund	-	1,869
	3rd party funds received in error	-	709
	Refunded pre-appt legal expenses	-	40
NIL	Britannial initial payment	-	600,000
NIL	Deferred consideration	-	-
NIL	Residual Client Book/database	-	-
1,802,526.00	Firm's cash at bank	-	1,840,620
1,300,731.00	Inter-company Debtors	-	-
11,815.00	Employee debts	-	-
49,875.00	Other Trade Debtors	-	-
23,906.00	Accrued Income	-	-
4,518.00	Margin Cash at Bank	-	-
	Interest earned	351,212	373,972
3,566,294.00	Custody Fees from Clients	(2,774)	77,819
	Post-appointment VAT recoveries	32,177	198,350
	Total	387,596	3,184,582

Receipts and payments account to 29 December 2022 – House account

PAYMENTS		
Pre-appointment fees and expenses		
Pre-appt Legal Disbursements	-	21,280
Pre-appt Legal Fees	-	84,404
Special Administrators' pre-appt expenses	28,138	28,138
Special administrators' pre-appt fees	-	234,833
Sale of business and assets costs incurred		
Agents/Valuers Fees	-	8,633
Data room	-	1,022
Pre-appt advertising - sale of business	-	1,200
Staff costs		
PAYE & NI	-	31,980
Pension contributions	-	7,337
Pension servicing fee	-	667
Wages & Salaries	-	76,807
Consultant incentive payments	-	278,473
Consultants' expenses	27	502
Consultants monthly payments	131,755	597,221
Custody costs and bank charges		
Custodian charges	41,893	196,682
Bank charges	27	177
Client bank charges	-	58
Firm interest charged	44,811	110,992
Other firm bank charges	1,680	132,785
LEI renewal	66	66
Legal fees and expenses		
Document notarisation	-	975
Legal Expenses	45,916	49,816
Legal Fees	73,706	287,816
Other payments		
Agent fees - RPO submission	-	1,872
Insurance of Assets	-	1,333
IT support	75,034	310,496
Post Redirection	-	321
Ransom payments	-	42,528
Statutory Advertising	-	2,245
Storage & removals Costs	-	1,073
Translation fees	-	2,628
Venue Hire	-	5,208
FX differences on transfers	(3,408)	(151,418)
Total	439,645	2,368,151
Balance	(52,049)	816,431

Receipts and payments account to 29 December 2022 – House account

REPRESENTED BY	
RBS	424,963
BONY	36,940
Lloyds	352,826
BCS	1,702
Total	816,431

Notes

- Please note that the above R&P account shows firm money balances only. Client Money and Post Pooling Monies are received into separately designated client accounts and are not included in the above account.
- House balances are held in a number of different currencies. To assist in presenting this information in a readable format all currencies have been converted to GBP at the exchange rate on 30 June 2021. This leads to exchange rate differences due to conversions at other dates, which is represented by the line 'FX differences on transfers'
- Details of payments made to sub-contractors are shown in the body of our report.
- All transactions in the receipts and payments account are presented inclusive of VAT. Recovery is at a proportion of all VAT incurred, and this is shown in the 'post-appointment VAT recoveries' line in the receipts section of the account.

Client Money and Client Custody Assets held as at 30 June 2021

Stock prices and currency exchange rates as at close of business on 30 June 2021

Client Money		Local Currency	GBP Sterling
Australian Dollar	AUD	665	360
Canadian Dollar	CAD	1,409,552	822,135
Swiss Franc	CHF	359,501	280,991
Czech Koruna	CZK	426,413	14,330
Euro	EUR	49,606,585	42,518,715
GB Sterling	GBP	34,669,992	34,669,992
Hong Kong Dollar	HKD	4,203	391
Norwegian Krone	NOK	48,280	4,056
Russian Rouble	RUB	10,151,266	100,346
Swedish Krona	SEK	9,451	799
Singapore Dollar	SGD	236,381	127,052
US Dollar	USD	75,218,979	54,384,339
TOTAL			132,923,512

Custody Assets	Local Currency	GBP Sterling
Bonds	953,132,776	812,635,031
Liquidity Funds	42,938,877	33,974,097
Equities	252,998,740	97,515,239
Futures	42,357	30,625
Mutual Funds	109,684,670	87,697,390
TOTAL		1,031,852,384

II Time analysis for the period

From 30 June 2022 to 29 December 2022

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate Director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Objective 1: Client Assets								
Sale of Client Assets to Britannia	5.95	20.30	-	-	-	26.25	£17,543.13	£668.31
Client communications	10.70	3.40	126.63	-	-	140.73	£74,380.09	£528.52
Reconciliations	4.27	44.20	37.05	-	-	85.52	£48,230.56	£563.99
Post Pooling Monies	1.15	-	6.20	-	-	7.35	£3,196.25	£434.86
Storage & backup of data	-	-	2.00	-	-	2.00	£397.75	£198.88
Trading matters	-	12.13	55.12	0.85	-	51.48	£18,011.28	£349.85
Liaison with the Committee	22.93	3.50	79.60	-	-	106.03	£63,875.19	£602.41
Client statements	10.07	2.50	162.07	-	-	174.63	£79,578.28	£455.69
Transfers, returns & sales	110.00	74.30	256.80	1.80	-	442.90	£264,786.99	£597.85
Strategy & planning	3.48	-	0.70	-	-	4.18	£2,948.31	£704.78
Reporting	2.35	-	17.08	-	0.75	20.18	£10,051.29	£498.00
Total	158.77	155.85	743.25	2.65	0.75	1,061.27	£582,999.11	£549.34
Objective 2: Liaison with Regulatory Bodies								
Liaison with Regulatory Bodies	1.95	0.30	11.07	-	-	13.32	£7,888.14	£592.35
Total	1.95	0.30	11.07	-	-	13.32	£7,888.14	£592.35
Objective 3: Company ("House")								
Administration & planning	1.47	9.72	95.67	0.52	0.25	107.62	£54,743.27	£508.69
Investigations	3.68	0.20	144.25	-	-	148.13	£82,811.72	£559.03
Realisation of assets	14.67	0.67	39.47	-	-	54.80	£28,805.62	£525.65
Creditors	-	-	6.38	-	-	6.38	£3,430.61	£537.43
Case specific: legal actions	3.92	2.90	25.00	-	-	31.82	£19,030.21	£598.12
Corporate Tax	0.20	-	13.53	-	-	13.73	£5,849.86	£425.96
Total	23.93	13.48	324.30	0.52	0.25	362.48	£194,671.28	£537.05
Grand Total	184.65	169.63	1,078.62	3.17	1.00	1,437.07	£785,558.53	£546.64

This schedule is a record of time costs incurred. What we are paid in respect of these time costs will be a matter for the Committee to decide, on the basis of the information provided above and any other evidence in support, which is reasonably required.

We have corrected a previous time entry, resulting in negative time spent on trading matters. We also corrected that charge out rate used on storage and back up of data.

Notes and further information on tasks undertaken in the Period

Objective 1: Client Assets time costs

Sale of Client Assets to Britannia

- Ongoing engagement with custodians and banks in respect of final assets to be transferred to Britannia
- Engaging with Britannia in respect of the deferred consideration

Client communications

- Managing the dedicated email addresses and phone lines for general Client queries and responding to all Client queries received.
- Maintaining the Dolfin portal and engaging with Clients

Reconciliations

- Management of Dolfin's Client Assets, including both Client Monies, Client Custody Assets and accounting for PPM received
- Project team meetings in respect of reconciliation practicalities and issues arising
- Managing professional contractors to control costs as workloads lessen
- Management and liaison with banks and sub custodians (e.g. Bank of New York, Lloyds etc.) for the purposes of gaining access to relevant information
- Reviewing and determining the correct allocation of Dolfin's debtor ledger as far as this impacts Dolfin's Clients
- Reviewing bank statements and transactions, dealing with bank charges and other issues arising
- Monitoring foreign exchange issues

Post Pooling Monies

- Managing PPM accounts
- Dealing with funds received in error
- Reconciling and recording all dividends, coupons and corporate actions

Storage & backup of data

- Maintaining secure copies of paper and electronic Company and Client records
- Liaising with Dolfin's Head of IT and Evelyn Forensic team / Financial Crime Teams

Trading matters and continuity of operations

- Administering payments for retained contractors
- Review of critical suppliers and negotiating continuity of supply, managing any undertakings given or reducing hours / terminating contracts where possible
- Ensuring controlled functions, as required by the FCA, are fulfilled to the extent appropriate
- Maintaining / revising contracts with retained contractors

Liaison with the Committee

- Convening and holding the third meeting of the Committee
- Preparing reports and presentation packs for the Committee
- Preparing and / or circulating minutes of meetings
- Providing interim updates by group or individual emails and individual calls

Client Statements

- Analysis and where necessary correction of data following Client statement queries
- Issuing reminders to Clients who failed to return statements
- Tracing Clients who haven't responded

Transfers, returns & sales

- Negotiations and communication with parties interested in becoming a Nominated Broker to receive Client Assets following the approval of the DP
- Considering and managing the impact of restrictions on Clients and Client Assets (e.g. sanctions, compliance regulations)
- Considering in detail the costs, contents and workable timeline of a Distribution Plan
- Planning and drafting the DP with our legal advisors, as well as other associated documents required for Court submission

Strategy & planning

- Case and file maintenance
- Regular review and if required revision of strategy for dealing with Client Assets
- Managing Client currency accounts in accordance with the prescribed Client Money Rules
- Proactive management of strategy in relation to the ongoing management of Dolfin's functions
- Proactive management of the strategy to deal with the Residual Client Book

Reporting

- Updating Client information schedules and back ups
- Other general reporting and schedules for Clients, as required
- Drafting and making available the JSAs' 2nd progress report

Objective 2: Liaison with Regulatory bodies time costs

- Correspondence, calls and meetings with the FCA. This includes in respect of their ongoing investigation
- Correspondence, calls and meetings with the FSCS and provision of information to it
- Communication with other regulatory bodies, such as the Bank of England and HMRC

Objective 3: Company ("House") time costs

Administration & Planning

- Case and file maintenance and periodic compliance review
- Filing of statutory documents in accordance with the Rules and Regulations
- Complying with filing of formal notices etc. to all requisite stakeholders in accordance with statute and relevant timescales
- Review and revision of the Special Administration strategy, including internal and external meetings
- Managing Evelyn staff resource and briefings on the Special Administration strategy
- Managing various agents and advisors assisting with the Special Administration
- Liaising with Evelyn VAT and corporation tax partners regarding tax efficient strategies on the case and the filing of returns
- Statutory reporting, including the steps required to collate information required for this report

Investigations

- Ongoing general and targeted review of the Company's books and records, including financial and management accounts and bank statements, Client files and contracts

- Ongoing review of the Tier 1 Visa program and associated Client Custody Assets
- Determining recoverability of aged debtors
- Liaising with the Insolvency Service in respect of filed conduct questionnaires
- Completing and filing other regulatory returns and assisting in other ongoing investigations

Realisation of assets

- Managing ongoing insurance cover requirements for the business and assets
- Reviewing potential insurance claims (inc recovery of loss for historic loss as a consequence of a phishing exercise)
- Engaging with Rabbows, the Company's chattel agents to ensure current assets under their control remain secure and the sale strategy is relevant
- Managing the sale / marketing of remaining Company assets (e.g. Recycle Group artwork)
- Managing the assignment of domains
- Maintaining receipts and payments for House realisations and associated costs

Creditors

- Correspondence and telephone calls with Company Creditors
- Ongoing legal matters pertaining to employment tribunal claims and Subject Access Requests, engaging with solicitors and in house legal

Legal actions

- Instructing lawyers and Counsel regarding client application
- Initial exchanges of correspondence
- Preparation of witness statement
- Attendance at Court

Corporate Tax

- Advising on and providing information for monthly VAT returns
- Liaising with HMRC in respect of VAT queries (e.g. partial recovery)
- Approving and filing VAT returns

Notes and further information on tasks undertaken

In addition to the Notes accompanying the time analysis for this reporting period (above), readers may wish to refer to the detailed narrative of tasks undertaken provided in earlier progress reports. A copy of all progress reports can be found here:

[Dolfin - Evelyn web page](#)

III Cumulative time analysis

From 30 June 2022 to 29 December 2022

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate Director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Objective 1: Client Assets								
Sale of Client Assets to Britannia	247.30	245.48	37.72	46.93	-	577.43	£348,563.71	£603.64
Client communications	160.05	51.63	228.10	128.57	-	568.35	£298,536.48	£525.27
Reconciliations	60.17	351.65	177.58	140.20	-	729.60	£395,067.86	£541.49
Post Pooling Monies	2.93	11.05	14.37	4.50	-	32.85	£17,008.12	£517.75
Storage & backup of data	7.35	3.75	20.85	32.57	-	64.52	£28,605.13	£443.38
Trading matters	63.73	42.52	134.32	113.58	-	354.15	£165,484.26	£467.27
Liaison with the Committee	90.38	34.80	318.28	81.22	1.25	525.93	£282,066.15	£536.32
Client statements	38.12	9.55	210.90	144.42	-	402.98	£177,816.87	£441.25
Transfers, returns & sales	569.95	202.88	494.13	54.03	-	1,321.00	£793,988.26	£601.05
Strategy & planning	34.10	27.65	68.45	94.52	-	224.72	£103,549.50	£460.80
Reporting	11.60	4.75	51.47	35.17	0.75	103.73	£48,296.14	£465.58
Total	1,285.68	985.72	1,756.17	875.70	2.00	4,905.27	£2,658,982.47	£542.07
Objective 2: Liaison with Regulatory Bodies								
Liaison with Regulatory Bodies	49.65	26.50	36.35	50.90	-	163.40	£86,574.42	£529.83
Total	49.65	26.50	36.35	50.90	-	163.40	£86,574.42	£529.83
Objective 3: Company ("House")								
Administration & planning	174.82	117.80	321.45	211.87	1.40	827.33	£402,714.07	£486.76
Investigations	19.62	7.35	265.18	44.10	-	336.25	£171,660.69	£510.51
Realisation of assets	77.38	36.07	169.45	86.77	-	369.67	£183,855.16	£497.35
Creditors	5.03	8.15	20.95	44.72	-	78.85	£30,394.05	£385.47
Case specific: legal actions	13.25	4.73	64.50	0.35	-	82.83	£47,541.98	£573.95
Corporate Tax	14.08	1.85	25.40	28.57	-	69.90	£28,395.04	£406.23
Total	304.18	175.95	866.93	416.37	1.40	1,764.83	£864,560.98	£489.88
Grand Total	1,639.51	1,188.17	2,659.45	1,342.97	3.40	6,833.50	£3,610,117.88	£528.30

IV Staffing, charging, subcontractor, and adviser policies and charge out rates

Introduction

Detailed below are:

- Evelyn Partner LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers including Evelyn Partners Financial Services Ltd
 - Expense recovery
- Evelyn Partner LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director or consultant as joint officeholders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We delegate tasks to suitable grades of staff, considering their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised, and London rates apply), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

It may be necessary to utilise staff from both the regional and London offices, subject to the specific requirements, e.g., geographical location, of individual cases.

This case is predominantly being conducted from the London office.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in appendix V.

Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations; and
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

However, on this case we have also sought to recover the costs of Evelyn Partners Special Operations Team to assist with reconciling and handling Client Assets. Details of their costs in the period covered by this report are set out in the body of this report.

Charge out rates

The rates applicable to this reporting period are set out below. For details of rates applicable to earlier periods, please refer to the corresponding report:

Evelyn Partners LLP Restructuring & Recovery Services Charge out rates from 1 July 2022	London Office £/hr	Regional Offices £/hr
Partner	650-670	528
Director / Associate Director	420-570	410-455
Managers	280-460	230-370
Other professional staff	205-300	165-240
Support & secretarial staff	100-120	88

Evelyn Partners LLP	London Office	Regional Offices
Restructuring & Recovery Services	£/hr	£/hr
Charge out rates from 1 July 2021		
Partner	750-995	600
Director / Associate Director	494-863	494-519
Managers	375-595	300-419
Other professional staff	175-383	231-269
Support & secretarial staff	125-150	113

Evelyn Partners LLP	London office
Corporate Tax	£/hr
Charge out rates from 1 January 2022	
Partner / Director	590-950
Associate Director	430-535
Managers	230-460
Other professional staff	105-245
Support & secretarial staff	60-75

Evelyn Partners LLP	London office
Forensics	£/hr
Charge out rates from 1 July 2021	
Consulting Partner	808
Senior Managers	595
Other professional staff (inc. technical support)	196-408

Notes

1. Time is recorded in 1-minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020 the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.
4. Partner includes a Consultant acting as an officeholder or in an equivalent role.

V Consultants

Provider / service	Role	Basis of fee arrangement	B/F from previous period	Costs incurred in current period	Costs paid in current period	Cumulative costs	Total costs outstanding at period end
			£	£	£		£
Consultants (various)	Reconciliations & CASS Support	Hourly rate & expenses	0.00	72,526.90	72,526.90	157,541.15	0.00
Consultants (various)	Other (IT / Client communications & Legal)	Hourly rate & expenses	0.00	55,054.75	55,054.75	190,719.75	0.00
Total			0.00	127,581.65	127,581.65	348,260.90	0.00

*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

VI Professional advisers

Name of professional advisor	Basis of fee arrangement	Balance brought forward	Costs incurred in current period	Cumulative total £	Costs paid in current period £	Total costs outstanding at period end £
DWF LLP – inclusive of counsels' fees (Legal advice re Clients and transactions)	Hourly rate and expenses	235,642.99	167,497.00	555,737.49	93,288.24	462,499.25
Lewis Silkin LLP - Legal advice re employment matters	Hourly rate and expenses	0.00	3,647.00	29,246.00	3,647.00	0.00
Foot Anstey LLP (Legal advice re strategic matters)	Hourly rate and expenses	52,020.50	11,802.00	63,822.50	2,750.00	61,072.50
Rabbow & Co LLP	Hourly rate and expenses	0.00	0.00	2,700.00	0.00	0.00
Birkett Green Lees LLP (Advice and assistance with business rates, refunds / mitigations)	Hourly rate and expenses	0.00	0.00	4,544.34	0.00	0.00
Total		287,662.94	182,946.00	656,050.33	99,685.24	523,571.75

*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

VII Category 1 expenses

Description	B/F from previous period	Costs incurred in current period	Cumulative total £	Costs paid in current period £	Total costs outstanding at period end £
Administrators' bonds	140.00	0.00	140.00	0.00	140.00
Travel & subsistence	575.50	0.00	575.50	0.00	575.50
Information Commissioner's Office ("ICO") Renewal Fee	40.00	0.00	40.00	0.00	40.00
Total	755.50	0.00	755.50	0.00	755.50

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

VIII Category 2 expenses

Description	Basis of expenses arrangement	B/F from previous period	Costs incurred in current period	Cumulative total £	Costs paid in current period £	Total costs outstanding at period end £
Tilney	Time costs & disbursements	54,862.88	0.00	54,862.88	0.00	54,862.88
Total		54,862.88	0.00	54,862.88	0.00	54,862.88

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

IX Other expenses

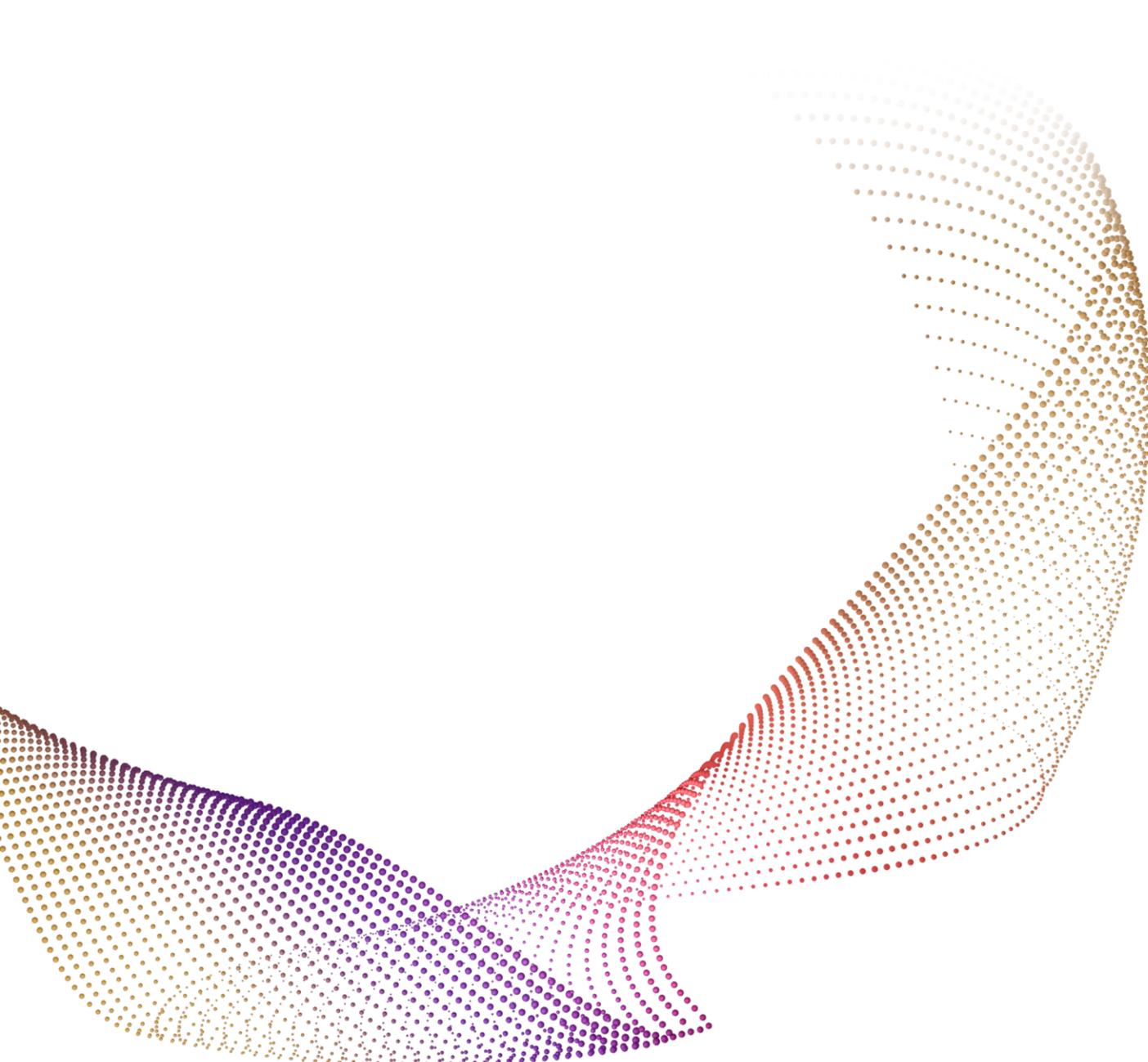
Supplier/service provider and nature of expenses incurred	B/F from previous period	Costs incurred in current period	Costs paid in current period £	Cumulative total	Total costs outstanding at period end £
Techrelate Ltd - manage the IT infrastructure and supply the various licenses required to run the systems	0.00	12,432.23	12,432.23	48,197.19	0.00
CorelX Ltd - data centre, where all the backups are maintained	0.00	8,996.34	8,996.34	25,082.83	0.00
Dashro Solutions Ltd - assisting JSAs with the Company's bespoke software and migrating data, as well as producing the Client statements	0.00	41,100.00	41,100.00	164,633.33	0.00
Profile system & software (Cyprus) Ltd (CASS client database software)	0.00	0.00	0.00	25,000.00	0.00
Grants Storage Ltd (Storage and removals)	0.00	0.00	0.00	900.54	0.00
Courts Advertising (Bar Date Notice)	0.00	4,379.40	0.00	5,379.40	4,379.40
Total	0.00	66,907.97	62,528.57	269,193.29	4,379.40

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid

*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

X Statutory information

Relevant Court	High Court of Justice, Business & Property Courts of England & Wales Company & Insolvency List			
Court Reference	1111 of 2021			
Incorporated on	5.11.10			
Trading Name(s)	Dolfin			
Trading Address & former registered office	77 Coleman Street, London EC2R 5BN			
Former Name(s)	RMS Fingroup Limited (23.4.14 – 4.10.16) Structured Investment Group Limited (5.11.10 – 23.4.14)			
Registered Office	45 Gresham Street, London, EC2V 7BG			
Registered Number	07431519			
Joint Special Administrators	Adam Henry Stephens (IP No 9748) & Kevin Ley (IP No 25090) Evelyn Partners LLP, 45 Gresham Street, London EC2V 7BG In accordance with P100 (2) Sch B1 IA 86, a statement has been made authorising the Joint Special Administrators to act jointly and severally			
Date of Appointment	30 June 2021			
Appointor	Order made on the application of the directors			
Directors (current)	<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>	<u>Shareholding</u>
	Rodney Baker-Bates	29.5.20	20.1.22	-
	Amir Nabi	16.9.16	8.9.21	-
Directors (last 3 years)	Stephen Kingsley	19.5.20	31.3.21	-
	Sanjay Maraj	30.9.13	30.9.20	-
	Denis Nagy	20.9.13	30.4.20	-
Company Secretary	None recorded at Companies House			
Shareholders	<u>Name</u>	<u>No. shares held</u>	<u>Voting rights</u>	
	Semen & Marina Linovich	563,634 - Preference	3.08 %	
	Semen & Marina Linovich	563,634 - Ordinary	3.08 %	
	Dolfin Group (UK) Ltd	17,160,001- Ordinary	93.84 %	
Cross-border insolvencies and EU Regulation	<p>The Recast EC Regulation on Insolvency Proceedings (2015/848) does not apply since it does not apply to insurance undertakings, credit institutions and investment undertakings. Dolfin is an investment undertaking providing services including the holding of funds or securities for third parties.</p> <p>The JSAs have been advised that the Retained Insolvency Regulation will not apply to insolvency proceedings opened in respect of the Company. These proceedings are 'centre of main interest' proceedings to which the EU Regulation as it has effect in the law of the United Kingdom.</p>			



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PARTNERS