

Dear Bondholders

## Some very good news for LCF Bondholders

### The new Treasury compensation scheme

As some of you may be aware, the Treasury released a statement on 19 April 2021, providing an update on a new compensation scheme ('the Scheme') for LCF Bondholders. This Scheme is very good news for the Bondholders and the Treasury statement can be found here: <https://questions-statements.parliament.uk/written-statements/detail/2021-04-19/hcws922>

We summarise the main points for you as follows:

- The Scheme will compensate Bondholders for 80% of the Bondholders' initial investment, up to a maximum of £68,000 (being 80% of the maximum FSCS compensation limit of £85,000).
- The Scheme will be available to all LCF Bondholders who have not already received compensation from the FSCS
- *The Scheme has not opened yet and Bondholders should await further announcements from the Government on next steps. (As always, we will interpret any such further announcements for the Bondholders and send our own communications to you in this regard.)*
- Bondholders will not need to use a claims' management company, solicitor, or any other organisation to help them claim
- Where Bondholders have received coupon payments from LCF (when trading), or a distribution from the administrators, these amounts will be deducted from the compensation payable under the Scheme

This will be very welcome news to the Bondholders and is due in no small part to the tireless campaigning and petitioning of a number of dedicated Bondholders, who have devoted much of their time since the collapse of LCF, to ensuring a better outcome for all Bondholders and their efforts are much appreciated by all those concerned. The joint administrators would pay particular tribute to the current and past members and representatives who sit on the LCF Creditors' Committee and who represent all of the Bondholders. The joint administrators thank their Creditors' Committee genuine and hardworking commitment to securing recoveries for Bondholders during the period of their office.

### Update on the FSCS compensation scheme

The FSCS has also released a statement with regard to the Scheme, following the Government's announcement, which can be found here: <https://www.fscs.org.uk/failed-firms/lcf/>. The FSCS announcement focuses mainly on its own compensation scheme and provides the following update.

In short, the FSCS has concluded its review of the evidence of LCF and Surge and it has identified and contacted all LCF Bondholders which it believes are eligible for compensation. As the FSCS has reviewed over 2.3million pieces of evidence, it considers it unlikely that more valid claims exist, under the terms of its compensation rules, beyond those which have been paid. However, if you

believe that you have a valid claim with the FSCS but have not been contacted by them, you may still send the FSCS the evidence you have and it will review it for you. The FSCS update provides guidance on how to do this. Bondholders who are not eligible for FSCS compensation will undoubtedly claim from the new Treasury compensation scheme.

#### **FCA update**

The FCA has also released a statement, which can be found here: <https://www.fca.org.uk/news/statements/fca-sets-out-broad-approach-assessing-lcf-complaints>, which confirms their broad approach to assessing complaints made to the FCA in relation to LCF.

#### **Role of the joint administrators in assessing Bondholders for FSCS or New Treasury Scheme compensation.**

It should be noted that the joint administrators play no part in determining who is compensated, or to what extent, and we do not have a role in the compensation schemes of the Treasury, or the FSCS, or as regards any consequential tax effects. Therefore we are unable to answer further questions as to how the Scheme will work or the timing of the compensation payments to Bondholders. However, we will continue to work with both the FSCS and the Treasury, with regard to the new Scheme, in order to assist in any way we can to help get compensation payments to Bondholders as quickly as possible.

Kind regards  
The Joint Administrators of LCF

The affairs, business and property of the Company are being managed by the administrators Finbarr O'Connell, Adam Stephens, Colin Hardman, Henry Shinnars and Geoff Rowley who act as agents of the Company and without personal liability. Finbarr O'Connell, Adam Stephens, Colin Hardman, Henry Shinnars and Geoff Rowley are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Further information regarding the administration can be found at the joint administrators' webpage: [www.smithandwilliamson.com/london-capital](http://www.smithandwilliamson.com/london-capital) London Capital & Finance Plc is incorporated in England and Wales under the Companies Act 2006 with registered number 08140312. The Company is authorised and regulated by the Financial Conduct Authority with FRN 722603.

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