

Dolphin Financial (UK) Ltd (in Special Administration)

Joint Special Administrators' progress report
for the period from 30 June 2024 to 29 December 2024

Court no: 1111 of 2021

28 January 2025

evelyn
PARTNERS

Contents

1.	Glossary	1
2.	Introduction and summary	3
3.	Progress of the Special Administration	4
4.	Receipts and payments	8
5.	Costs of the Special Administration	9
6.	Investigations	10
7.	Estimated outcome	10
8.	Outstanding matters	11
9.	Privacy and data protection	12
10.	Duration and exit from the Special Administration	12
11.	Creditors' rights	12
12.	Next report	13

Appendices

I	Receipts and payments account	15
II	Time analysis for the Period	18
III	Cumulative time analysis	22
IV	Staffing, charging, subcontractor and adviser policies and charge out rates	24
V	Consultants	27
VI	Professional advisers	28
VII	Category 1 expenses	29
VIII	Category 2 expenses	30
IX	Other expenses	31
X	Statutory information	32

1. Glossary

Abbreviation	Description
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
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)
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) Mr Ye Li (represented by Mr N Zang)
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, the JSAs legal advisors, who were previously engaged by Company
EP	Evelyn Partners LLP (formerly Smith & Williamson LLP). Evelyn Partners includes the former Tilney Discretionary Portfolio Management Ltd Investment Operation Team ("Tilney") which provided advice and assistance in relation to the initial CASS reconciliation of Dolfin's Client Assets
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
Kroll	Kroll Advisory Ltd – in their capacity as duly instructed fee assessor
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
Period	The period of this report, being 30 June 2024 to 29 December 2024
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)

2. Introduction and summary

This report provides an update on the progress of the Special Administration for the six-month period ended 29 December 2024.

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.

As referenced in our last report, the JSAs, at the request of the Committee, entered into a formal agreement with independent advisors Kroll Advisory Ltd ("Kroll") to provide a report assessing the JSAs remuneration. Kroll's report was circulated for the consideration of the Committee on 10th July 2024.

With the JSAs having circulated resolutions for the approval of their remuneration, we can confirm that both the bases and quantum of the remuneration was approved unanimously by the Committee on 30 July 2024.

We thank the Committee for their cooperation in this regard.

Throughout the Period, the JSAs have spent a significant amount of time preparing a detailed application (the "Application") for directions from the Court to seek clarity on several key points relating to both the DP and the distribution of Client Money. A summary of progress as regards to the directions application can be found at section 3.1.1.

Subject to the Court's decision on the directions sought, it is envisaged that the JSAs will then move forward with the return of Client Assets.

In the Period the JSAs have also undertaken work to:

- continue to engage with lawyers and counsel in relation to the return of Client Assets;
- investigate potential claims that impact on the return of Client Monies, working with both DWF and counsel to determine the process for moving forward;
- liaise with the Committee to finalise their approval for the JSAs' remuneration in conjunction with the fee assessor, Kroll's, findings;
- address all Client queries received (which are often from Clients' legal advisors);
- provide assistance to various regulatory bodies in relation to their ongoing queries into the conduct of Dolfin and its office holders;
- pursue sales of Dolfin's few remaining assets and recover other amounts owed;
- continue to safeguard and reconcile all Client Assets; and
- fulfil all statutory and best practice requirements in relation to the Special Administration.

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

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 and, in particular, progress made during the Period.

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

3.1.1 Application to Court for Directions

During the period, the JSAs have prepared a substantive application for directions (the "Application") which addresses several key matters which we consider need to be brought before the Court before moving forward with a DP and distribution of Client Money.

The Application has been developed in close consultation with the JSAs' legal advisors, DWF, and counsel team. Counsel comprises vastly experienced barristers who are familiar with the intricacies of the Special Administration Rules and Regulations.

The Application will address a number of issues arising from the unique circumstances of the Company's Special Administration which stem from the Company's and certain Clients' involvement in the Tier 1 Investor Visas scheme. Given the nature of these issues, the JSAs consider that their proposed course of action, as specified in the Application, must be brought before the Court for approval or, in the alternative, so that the Court may provide such other directions as it sees fit.

Subject to the Court's directions at the procedural stage, our intention is that parties interested in the issues raised in the Application will have an opportunity to be heard at the substantive stage, so that we can proceed with the distribution of Client Money and the formulation of a DP in relation to Client Custody Assets to minimise the risk of this process being derailed by an intervention at some later stage.

The Application remains in draft, and we are therefore unable to publish a copy of it at this stage. However, the JSAs would reassure all stakeholders that input has been sought from the appropriate regulatory bodies, and is being sought from the Committee, who are being given an opportunity to review the Application under the privileges of their committee membership and confidentiality clauses within each member's respective NDAs.

Once the Application has been issued, any client or creditor of the Company, or any other person who is able to show sufficient interest in the Special Administration, will be provided with a copy upon request.

The JSAs acknowledge there have been delays in finalising the Application, going beyond the estimated timeline published in August 2024. However, the Application has entailed a substantial amount of work and, given the matters of which we are on notice, we want to be assured that we as the Court's officers are conducting ourselves as the Court would wish, and in particular that there are no further investigations we should undertake or public policy considerations we should take into account before proceeding to fulfil the statutory Objectives in the Regulations and the statutory trust under CASS.

A further update will be made available on the website www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration between now and the publication of the JSAs' next statutory progress report. We envisage that this will provide full details of the timeline for the proposed directions hearing, which will enable the JSAs to then form a more accurate timeline for delivering on the overall objective of returning Client Assets.

We would therefore urge all stakeholders to monitor the website periodically over the course of the next 2-3 months, as we undertake the following in connection with the directions application:

- i. We will issue the application;
- ii. The court will list a short procedural hearing;
- iii. The issued application will be provided to the Committee and other interested parties;
- iv. The procedural hearing will take place and the Court will give directions so that the application can be brought to the attention of any interested parties (by way of advertisement) and other Clients and creditors will be given access to the application documents. Parties who wish to file evidence will be able to do so and the Court will fix the hearing of the substantive application; and

- v. The substantive hearing of the application will take place.

3.1.2 Return of Client Assets, DP Strategy

Following the directions hearing, it's the JSAs' intention to seek approval of the DP from the Committee, which will be followed by an application to Court for approval of the DP.

Once the DP is approved the JSAs will then be in a position to return Client Custody Assets.

With regard to the return of Client Money, the JSAs are seeking directions from the Court as part of the Application, which would enable a substantial interim distribution. If the Application is approved, it's intended that a Client Money distribution would be paid as soon as reasonably practicable, prior to the DP.

At present we are unable to provide a time estimate for the return of both Client Custody Assets and Client Money, but anticipate that we will be in a position to issue an update on our website as soon as the next steps are clear:

www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration

3.1.3 Client Statements

The JSAs are continuing to seek engagement from those Clients who have yet to respond to approve their Client Statement however, progress has stagnated during the Period.

We intend to address these issues as part of the aforementioned directions application, agreeing a set process for handling instances of unresponsive clients.

These steps have been carefully considered alongside counsel and will in turn factor into any Hard Bar Date, which may be sought as part of the eventual steps to close out the special administration.

We urge any Client who has not yet completed their form to contact Jack McGinley at jack.mcginley@evelyn.com.

3.1.4 Safeguarding and reconciling Client Custody Assets and Client Money

We continue to operate post Special Administration bank accounts, in accordance with CASS rules, to segregate PPM received and perform CASS reconciliations, as required. We regularly liaise with Dolfin's 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.

3.1.5 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, FSCS and certain other public bodies; and
- Communicate with Clients.

In order to maintain Client Assets and historic data we retain a number of IT systems that require ongoing support from a number of IT providers.

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 maintenance of the underlying data.

3.1.6 Client communications

We continue to communicate with Clients, their appointed advisors and Creditors via the Dolfin web page, emails and by direct contact.

The JSAs will post updates via the designated channels, as and when material issues arise, or when there is material progress to report on. As a reminder, the page address is:

Dolfin web page: www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration

Email: Dolfin.transfer@evelyn.com

By way of a reminder, future documents in relation to the Special Administration are to be made available for viewing and downloading at <https://www.ips-docs.com/>.

To access these documents:

1. Go to <https://www.ips-docs.com/> and click in the centre of the screen
2. At the next screen click the padlock for "Portal Login"
3. Enter (case sensitive) login code: Dolf1n2021
4. Enter the (case sensitive) password/unique ID: Dolf1n2021
5. Click 'LOGIN'
6. You will then be presented with case information and a list of documents to choose from and when you choose a document, you will be sent an email link to allow you to open it.

Alternatively, you may choose the option on the left-hand side which provides a link to all available documents.

In undertaking the above, you will receive an automated notification upon publication of all future documents in connection with Dolfin.

There remains a small number of Clients who have yet to engage with the JSAs to agree their claim(s) in the Special Administration of Dolfin. We urge these Clients to contact us as soon as possible.

3.1.7 Client Assets -Britannia

On 12 July 2021, the JSAs completed a sale of certain Client contracts to Britannia. All possible transfers to Britannia were completed to the extent that valid transfer instructions were provided within a reasonable time frame. Deferred consideration remains outstanding from Britannia and the JSAs are considering the next steps for recovery of this debt. For commercial reasons, we cannot disclose the substance of the negotiations with Britannia and any further recoveries will be disclosed in future progress reports.

3.1.8 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. The CASS Rules specify that the costs attributable to the distribution of the Client Money are to be paid out of the CMP and the costs of dealing with PPM will be deducted from PPM balances held.

Should there be surplus House funds, Clients may receive a distribution in relation to unsecured claims in the Special Administration for the costs of returning Client Assets. The JSAs will consider this at the appropriate juncture, based on House realisations available.

FSCS has determined that the conditions are not met for FSCS to exercise its discretion to proactively fund the Objective 1 costs in relation to any of Dolfin's Clients. This means Dolfin's Clients will be required to fund the costs of transferring their own Client Assets, although they may be eligible for compensation from FSCS in relation to these costs.

The JSAs have received approval for their remuneration from the Committee, allowing us to finalise the costs of the Special Administration and how they are to be apportioned between different asset classes, which is outlined at Appendix III.

Further information on progress will be provided in advance of the JSAs next statutory progress report and will be published by way of a global update via the designated communication channels. The JSAs request that Clients and Creditors therefore monitor both the webpage and IPS portal for further updates during the forthcoming reporting period.

3.1.9 Consulting with the Committee

A summary of meetings and issues discussed with the Committee are set out as follows::

Date	Principle purpose
8 th July 2024	Formal meeting of the Committee, which Kroll attended, to discuss their draft report and enable Committee members to raise queries.

Following consultation with both Kroll and the Committee, a commercial agreement was reached on the JSAs' fees to be proposed for approval.

10th July 2024

The JSAs circulated formal resolutions for the Committee to approve the following resolutions:

- i) The JSAs' remuneration in pursuit of Objective 1 relating to Client Custody Assets be approved as a fixed fee of £3,835,000, plus VAT.
- ii) The JSAs' remuneration in pursuit of Objective 1 relating to Client Money Claims be approved as a fixed fee of £895,000, plus VAT.
- iii) The JSAs' remuneration in pursuit of Objective 1 relating to Corporate Action Income received post Special Administration be approved as a fixed fee of £490,000, plus VAT.
- iv) The JSAs' remuneration in pursuit of Objective 1 relating to work undertaken in relation to the transfer of Client contracts to Britannia be approved on a time cost basis estimated at £416,827, plus VAT, to be drawn as and when funds permit.
- v) The JSAs' remuneration in pursuit of Objectives 2 & 3 matters be approved on a time cost basis estimated at £2,404,533, plus VAT, to be drawn as and when funds permit.
- vi) The JSAs' category 2 disbursements in relation to Tilney staff undertaking the initial CASS reconciliation, which total £54,863, plus VAT.

The aforementioned resolutions were unanimously approved by the Committee on 30th July 2024, following receipt of executed copies from each member.

31 October 2024

The JSAs provided an update to the Committee in relation to the directions application and revised timings, in accordance with guidance received from counsel. Further resolutions were circulated to recharacterise the approval of resolution iv) above, as follows:

- i) That the JSAs' remuneration in respect of work undertaken in relation to the transfer of Client contracts to Britannia Global Markets (the "Britannia Sale") be approved on a time cost basis estimated at £416,827, plus VAT.
- ii) That the Committee is content for the JSAs' remuneration in respect of the Britannia Sale to be drawn from the funds in the House estate as and when funds permit.
- iii) That the resolutions passed above supersede the fourth resolution passed by the Committee on 30 July 2024.

Unanimous approval was received from the Committee.

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 the special administration, the transfer of Client Assets (development of a DP, transfer agreement and cost allocation model), Client positions, regulatory compliance matters and statutory reporting requirements.

The FCA are aware of the obstacles and challenges faced by the JSAs during the Period, with regards to first seeking seeking approval of our remuneration in advance of making an application to Court for directions.

With the JSAs' remuneration having now been agreed by the Committee, we will continue to consult with the FCA as we seek a hearing date for directions.

3.2.2 FSCS

As stated in earlier reports, the FSCS determined that the conditions are not met for FSCS to exercise its discretion to proactively fund the objective 1 costs in relation to any of Dolfin's Clients and that Dolfin's Clients will be required to fund the costs of transferring their own assets.

FSCS is not currently inviting claims against Dolfin. However, we remain in dialogue with the FSCS in respect of Clients' ability to apply for, and receive, compensation in relation to the costs of the Special Administration, for clients who fund their Special Administration costs on a case-by-case basis. We're continuing to work with FSCS and will provide a further update in due course.

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.

3.4 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.

It is anticipated that funds realised from House Assets will be sufficient to cover the expenses of the Special Administration in full. Any deficiency in House Assets is not recoverable from Client Assets. The JSAs therefore contemplate that there may be sufficient funds to enable a distribution to preferential and, possibly, unsecured creditors.

At the date of this report, we have realised House Assets totalling £6,658,827.68 as shown in the Receipts and Payments account at Appendix I.

Further realisations have been made in respect of both business rates refunds and the sale of certain artwork, since the lapse of the reporting period. Full details will be made available within the next report, alongside any further recoveries.

4. Receipts and payments

Attached at Appendix I is our receipts and payments account for the Period. This account includes cumulative figures for the whole of the Special Administration from 30 June 2024 to 29 December 2024. The receipts and payments account also includes a comparison with the directors' Statements of Affairs values.

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

The following monies have been received in the Period:

- gross bank interest of £494,932.67; and
- VAT recoveries of £19,029.23,

The following payments have been made in the Period (all inclusive of VAT):

- to consultants engaged to assist the JSAs totalling £111,565.24, plus expenses of £654;
- Fee assessors' fees relating to Kroll's independent report at the request of the Committee, of £210,000;
- £50,831.68 to various IT systems providers;
- sub-custody charges of £30,499.70 and bank charges of £916.18;
- Counsel costs of £537,100.27;
- LEI renewal charge of £60;
- Agents fees of £1,890;

- legal expenses of £210; and
- VAT filing penalties of 200.

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:

- the pre-Special Administration costs incurred by EP and DWF;
- post-appointment remuneration; and
- 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 £70,337 plus VAT and disbursements of £17,333 plus VAT. These costs have been paid in full.

5.2 Post-Special Administration costs

5.2.1 Basis of the JSAs remuneration

The Committee have approved the JSAs' remuneration on the following bases:

- As a fixed fee in relation to Objective 1 costs arising in relation to Client Custody Assets, Client Money and PPM, which will be paid out of Client Assets; and
- On a time cost basis in relation to Objectives 2 and 3, including time spent in relation to the sale of certain Client contracts to Britannia, which will be paid out of House Assets.

A guide for creditors on insolvency practitioners' fees in administration is available at www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx. Please note that this guide is not wholly relevant to the special administration regime for investment banks, such as Dolfin.

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 www.evelyn.com/media/3xpavbjg/client-and-creditors-guide-to-fees.pdf.

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 2024

During the Period we incurred total time costs of £393,188.27 which represents 656.1 hours at an average charge out rate of £599.28 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 whole of the Special Administration from 30 June 2021 to 29 December 2024, which provides details of the JSAs' time costs since appointment. Also attached is a breakdown of the time incurred in relation to each of Client Custody Assets, Client Money, PPM (also referred to as CAI), the Britannia sale and House costs.

The JSAs have not yet drawn any post appointment fees.

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.

Details of EP's current charge out rates, as well as policies in relation to the use of staff, are provided at Appendix IV.

The JSAs have no business or personal relationships with the parties who approve our fees. We also 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 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. The only Category 2 disbursements incurred are in relation to the engagement of our Investment Operations Team (Tilney) to assist with our initial CASS reconciliation exercise. No further costs have been incurred in this Period, as shown at Appendix VIII.

The Committee have approved these Category 2 disbursements.

6. Investigations

Our investigations remain ongoing, and we continue provide information and assistance to certain regulatory authorities, as and when required. These matters remain confidential.

Further investigations remain ongoing as to the potential proprietary tracing claim by arising from T1 Investor Visa clients.

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 JSAs are committed to distributing Client Assets at the earliest opportunity, however for the reasons set out above, we are presently unable to determine with accuracy the timetable for achieving this.

We remain in communication with the Committee, who represent the interests of all Clients and Creditors.

It is intended that an interim update to our website will be made available ahead of the next statutory report falling due. The JSAs urge clients to monitor the website referenced earlier in this report.

7.2 Creditors

7.2.1 Secured creditors

We are not aware of any secured creditors. As part of statutory framework we will issue formal notice to any party who may be in a position to assert security over Dolfin's Client Assets prior to submitting the DP to Court.

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.

Based on realisations to date, as well as those forecast, the JSAs consider there may be sufficient funds available to pay a distribution to the primary and 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;
- HMRC; and
- Clients in relation to the costs incurred by them for the return of their Client Assets, which will crystallise at the point their assets are returned. These claims will automatically be noted by the JSAs, so there is no need to complete a claim form in relation to such claims.

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

www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration

8. Outstanding matters

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

- The JSAs will determine the next steps in relation to the deferred consideration due from Britannia;
- Finalise all remaining asset realisations, such as the artwork and business rates refund;
- Finalise the application to Court for directions on key matters, including the claims made by certain Tier 1 Investor Visa clients and various points arising in relation to the DP;
- Distribution of Client Money;
- Finalising the DP and receiving Committee and Court approval of the same, which will enable a distribution of Client Custody Assets;
- Distribution of Client Custody Assets to new brokers;
- Tracing the small number of Clients who are yet to actively engage in relation to Client statement verification;
- Concluding investigations into the Company's affairs, management and taking action in relation to any potential claims identified;
- Continuing to comply with any formal information requests, to the extent that the JSAs are obliged to do so;
- Dealing with Dolfin's ongoing Corporation Tax and VAT obligations, and seeking clearance prior to the closure of the Special Administration;
- Seeking Court approval for a Hard Bar Date prior to closure of the Special Administration; and

- Issuing six monthly progress reports, and the final report when the Special Administration can be closed.

9. 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.

10. 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.

11. 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.

12. Next report

We remain focused on returning 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. In the meantime, updates to Clients will also be provided, as and when appropriate, and uploaded to our webpage www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration.

Thank you.



Adam Henry Stephens and Kevin Ley
Joint Special Administrators

Date: 28 January 2025

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 2024

Statement of Affairs	Period: 30/06/24 to 29/12/24	Total from 30/06/21 to 29/12/24
£	£	£
RECEIPTS		
	-	110.00
	494,932.67	3,605,104.24
	-	60,633.42
Uncertain Furniture & equipment	-	2,720.00
17,538 IT software	-	-
2,000 Investment in group undertakings	-	-
151,472 HMRC - VAT and Corporation Tax repayment	-	-
61,708 Artwork	-	-
NIL Trademarks	-	-
	86.72	1,763.65
	-	4,825.63
	-	1,004.46
	-	21,077.78
	-	1,868.60
	-	708.98
	-	40.00
	-	4,398.50
	-	150,000.00
NIL Britannia initial payment	-	600,000.00
NIL Deferred consideration	-	-
NIL Residual Client book/database	-	-
1,802,526 Firm's cash at bank	-	1,840,619.90
1,300,731 Inter-company debtors	-	-
11,815 Employee debts	-	-
49,875 Other trade debtors	-	-
23,906 Accrued income	-	-
4,518 Margin cash at bank	-	-
3,566,294 Custody fees from Clients	-	77,818.81
	19,029.33	286,133.71
Total receipts	514,048.72	6,658,827.68

Statement of Affairs	Period: 30/06/24 to 29/12/24	Total from 30/06/21 to 29/12/24
£	£	£
PAYMENTS		
House / Company payments		
Pre-appt legal disbursements	-	(21,280.00)
Pre-appt legal fees	-	(84,404.04)
Special administrators' pre-appt expenses	-	(28,137.55)
Special administrators' pre-appt fees	-	(234,832.85)
Agents/valuers fees	(1,890.00)	(10,523.21)
Data room	-	(1,022.40)
Pre-appt advertising - sale of business	-	(1,200.00)
PAYE & NI	-	(6,715.83)
Pension contributions	-	(7,337.29)
Pension servicing fee	-	(666.66)
Wages & salaries	-	(15,871.50)
Consultants' incentive payments	-	(278,000.00)
Consultants' expenses	-	(497.39)
Consultants' monthly payments	(7,646.00)	(152,127.04)
Bank charges	(15.00)	(6,256.14)
Interest charged	-	(110,992.79)
Legal expenses	(6.30)	(1,695.19)
Legal fees	-	(322,414.02)
Counsel costs	(14,946.72)	(111,752.59)
Fee assessor's fees	(31,500.00)	(31,500.00)
Agent fees - RPO submission	-	(1,872.00)
Insurance of assets	-	(1,332.52)
Post redirection	-	(321.00)
Ransom payments	-	(5,882.46)
Statutory advertising	-	(6,624.84)
Subsidiary costs	-	(2,010.00)
Storage & removals costs	-	(4,516.02)
Venue hire	-	(1,041.60)
VAT fine	(200.00)	(600.00)
Corporation Tax	-	(18,469.53)
Total House / Company payments	(56,204.02)	(1,469,896.46)

Statement of Affairs	Period: 30/06/24 to 29/12/24	Total from 30/06/21 to 29/12/24
£	£	£
PAYMENTS		
Payments in relation to Client Assets		
PAYE & NI	-	(25,264.32)
Wages & salaries	-	(60,935.78)
Consultants' expenses	(654.00)	(1,296.75)
Consultants' monthly payments	(103,919.24)	(904,731.09)
Custodian charges	(30,499.70)	(312,023.16)
Bank charges	(901.18)	(129,169.11)
Interest charged	-	(8,499.66)
LEI renewal	(60.00)	(185.79)
Document notarisation	-	(975.02)
Legal expenses	(203.70)	(491.15)
Legal fees	-	(202,452.37)
Counsel costs	(522,153.55)	(604,412.58)
Fee assessor's fees	(178,500.00)	(178,500.00)
IT support	(50,831.68)	(576,677.58)
Ransom payments	-	(62,790.31)
Translation fees	-	(2,628.04)
Venue hire	-	(4,166.40)
Total payments in relation to Client Assets	(887,723.05)	(3,075,199.11)
<i>FX differences on transfers</i>	<i>27,649.52</i>	<i>305,568.63</i>
Total payments		(4,239,526.94)
Grand total		2,419,300.74
Cash at Bank		2,419,300.74

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.
- Legal fees and expenses incurred in prior periods have been re-analysed to show payments of counsel's costs separately in this period. Therefore, whilst the brought forward amounts remain unchanged, they have been allocated differently in the period.
- All transactions in the receipts and payments account are presented inclusive of VAT. Recovery of VAT 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.

II Time analysis for the Period

From 30 June 2024 to 29 December 2024

Classification of work function	Hours				Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff			
Objective 1: Client Assets							
Client communications	3.45	14.10	58.65	-	76.20	£42,662.85	£559.88
Reconciliations	0.25	11.20	12.10	-	23.55	£14,746.20	£626.17
Post Pooling Monies	0.80	8.60	-	-	9.40	£7,406.60	£787.94
Storage & backup of data	-	1.50	5.30	-	6.80	£3,665.00	£538.97
Trading matters	1.88	11.50	23.37	12.18	48.93	£23,233.69	£474.80
Liaison with the Committee	6.87	12.68	19.45	-	39.00	£25,859.95	£663.08
Liaison with Fee Assessor	-	5.50	0.25	-	5.75	£4,361.75	£758.57
Client statements	-	2.50	22.95	9.52	34.97	£15,361.29	£439.31
Transfers, returns & sales	26.75	150.50	105.00	-	282.25	£192,324.00	£681.40
Strategy & planning	0.75	2.00	1.90	-	4.65	£3,191.00	£686.24
Reporting	-	2.60	16.05	-	18.65	£9,788.85	£524.87
Total	40.75	222.68	265.02	21.70	550.15	£342,601.18	£622.74
Objective 2: Liaison with Regulatory Bodies							
Liaison with Regulatory Bodies	1.70	-	2.90	-	4.60	£3,055.50	£664.24
Total	1.70	-	2.90	-	4.60	£3,055.50	£664.24
Objective 3: Company ("House")							
Administration & planning	3.95	15.55	19.72	0.90	40.12	£23,560.48	£587.30
Realisation of assets	0.40	1.60	17.05	-	19.05	£9,890.85	£519.20
Corporate Tax	0.50	5.17	12.10	24.42	42.18	£14,080.26	£333.79
Total	4.85	22.32	48.87	25.32	101.35	£47,531.59	£468.98
Grand Total	47.30	245.00	316.78	47.02	656.10	£393,188.27	£599.28

Notes and further information on tasks undertaken in the Period

Objective 1: Client Assets time costs

Client communications

- Managing the dedicated email addresses and phone lines for Client queries and responding to all Client queries received, including a significant quantity of correspondence from Clients' legal advisors
- 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
- CASS team meetings in respect of reconciliation practicalities and issues arising
- Management and liaison with banks and sub custodians (e.g. Bank of New York, Lloyds etc.)
- 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
- Updating and supporting Dolfin's software management system, IMS

Post Pooling Monies

- Managing PPM accounts
- Dealing with funds received in error
- Reconciling and recording all dividends, coupons and corporate actions
- Liaising with sub-custodians and issuers in relation to corporate actions
- Providing updates to various Clients, on request, about certain transactions

Storage & backup of data

- Maintaining secure copies of paper and electronic Company and Client records
- Liaising with Dolfin's Head of IT / Financial Crime Teams
- Addressing issues with Dolfin's IT infrastructure to ensure it can be maintained into the future

Trading matters and continuity of operations

- Administering payments for retained contractors and other suppliers
- Managing professional contractors engaged to oversee Client CASS requirements are met
- 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 Committee meetings as set out in the main body of the report
- Providing interim updates by group or individual emails and individual calls, as well as dealing with correspondence received
- Addressing the Committee's queries following the issue of the fee assessor's final report, including circulating further information in relation to the matters arising

- Initiating exchanges with the Committee as regards to the proposed directions application and protocol

Liaison with the Fee Assessor

- Reviewing information requests and the final report of the Fee Assessor
- Finalising matters with the fee assessor in relation to their final report, including discussion and analysis of the issues arising and circulating responses in respect of the same

Transfers, returns & sales

- Liaising with legal advisors and counsel to prepare the directions application the Court, which required investigations into Dolfin's records and analysis of current Client Assets held and the costs arising in relation to each of the categories of asset. Also providing information about key issues affecting the special administration and the outcome of each of these
- Addressing queries arising in relation to the directions application from their parties, the Committee and relevant regulatory bodies in relation to proposed directions application

Strategy & planning

- Case and file maintenance
- Regular review and if required revision of strategy for dealing with Client Assets
- Proactive management of strategy in relation to the ongoing management of Dolfin's functions

Reporting

- Updating Client information schedules and back ups
- Other general reporting and schedules for Clients, as required
- Drafting and making available the JSAs' 6th progress report

Objective 2: Liaison with Regulatory bodies time costs

- Correspondence, calls and meetings with the FCA

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 information required for progress reports
- Maintenance and reconciliations of estate bank accounts

Realisation of assets

- Managing ongoing insurance cover requirements for the business and assets
- Engaging with Rabbows, the Company's chattel agents, to obtain payment of final IT assets sold
- Managing the sale / marketing of remaining Company assets (e.g. Recycle Group artwork)
- Engaging with the JSAs agents in relation to the recovery of rates
- Managing the assignment of domains

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 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 at www.evelyn.com/services/restructuring-and-recovery-services/dolphin-financial-uk-ltd-in-special-administration

III Cumulative time analysis

From 30 June 2021 to 29 December 2024

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	256.65	260.38	37.92	46.93	-	601.88	£366,681.41	£609.22
Client communications	183.62	120.47	481.83	142.32	-	928.23	£497,903.62	£536.40
Reconciliations	63.92	452.00	254.75	144.32	-	914.98	£513,595.41	£561.32
Post Pooling Monies	5.12	42.25	15.92	4.50	-	67.78	£42,445.26	£626.19
Storage & backup of data	7.35	5.25	32.50	33.77	-	78.87	£35,972.08	£456.11
Trading matters	78.78	93.45	220.45	137.57	-	530.25	£259,476.20	£489.35
Liaison with the Committee	130.05	140.88	419.25	81.22	1.25	772.65	£446,862.75	£578.35
Liaison with Fee Assessor	10.25	99.80	33.20	-	-	143.25	£102,794.50	£717.59
Client statements	39.32	14.15	285.85	163.63	-	502.95	£224,610.99	£446.59
Transfers, returns & sales	671.27	558.68	756.63	54.43	-	2,041.02	£1,287,576.30	£630.85
Strategy & planning	52.85	34.25	97.87	95.42	-	280.38	£138,594.16	£494.30
Reporting	19.25	52.00	94.05	60.47	0.75	226.52	£121,320.85	£535.59
Total	1,518.41	1,873.57	2,730.22	964.57	2.00	7,088.76	£4,037,833.52	£569.61
Objective 2: Liaison with Regulatory Bodies								
Liaison with Regulatory Bodies	56.32	29.30	52.33	50.90	-	188.85	£103,236.78	£546.66
Total	56.32	29.30	52.33	50.90	-	188.85	£103,236.78	£546.66
Objective 3: Company ("House")								
Administration & planning	185.35	202.53	468.90	220.77	1.40	1,078.95	£548,935.10	£508.77
Investigations	21.92	32.95	333.57	46.80	-	435.23	£219,543.14	£504.43
Realisation of assets	87.42	41.05	222.23	90.12	-	440.82	£221,989.99	£503.59
Creditors	5.18	8.65	29.10	46.37	-	89.30	£35,557.00	£398.18
Case specific: legal actions	28.28	19.43	117.83	0.35	-	165.90	£103,137.46	£621.68
Corporate Tax	17.98	19.63	88.92	91.70	-	218.23	£81,410.76	£373.04
Total	346.13	324.25	1,260.55	496.10	1.40	2,428.43	£1,210,573.44	£498.50
Grand Total	1,920.86	2,227.12	4,043.10	1,511.57	3.40	9,706.05	£5,351,643.75	£551.37

Apportionment of time costs incurred by asset class

The JSAs have apportioned the time incurred between each of the different asset classes which must bear that proportion of costs.

An analysis of this apportionment is as follows:

Period	Client Custody Assets	Client Money	Post Pooling Money	Sale of Client Assets to Britannia	House / Company	Total
1: 30 June 2021 to 29 December 2021	751,676	125,017	94,519	304,235	481,000	1,756,447
2: 30 December 2021 to 29 June 2022	559,251	88,671	91,756	50,877	277,558	1,068,112
3: 30 June 2022 to 29 December 2022	466,929	64,527	46,012	17,543	190,548	785,559
4: 30 December 2022 to 29 June 2023	382,753	38,398	56,030	14,043	159,929	651,153
5: 30 June 2023 to 29 December 2023	201,812	46,141	29,733	1,987	107,929	387,602
6: 30 December 2023 to 29 June 2024	193,862	34,764	25,406	2,932	52,618	309,582
7: 30 June 2024 to 29 December 2024	193,522	101,399	28,448	9,616	60,203	393,188
Total	2,749,805	498,917	371,903	401,233	1,329,786	5,351,644

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 Period are set out below.

Evelyn Partners LLP	Rates from 01/01/24
Restructuring & Recovery Services	£/hour
Partner / Director	785-980
Associate Director	610-835
Manager / Assistant Manager	291-695
Other professional staff	230-395
Support & secretarial staff	130-155
Forensics	£/hour
Manager / Assistant Manager	340-440
Tax	£/hour
Partner / Director	650-1,155
Associate Director	585-750
Other professional staff	135-200

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. The cashiering function time is 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 £	Costs outstanding at period end £
Consultants (various)	Reconciliations & CASS Support	Hourly rate / daily rate & expenses	0.00	68,600.00	68,600.00	540,322.34	0.00
Consultants (various)	Other (IT / Client communications, trading & Legal matters)	Hourly rate / daily rate & expenses	0.00	35,605.24	35,605.24	466,614.71	0.00
Consultants expenses			0.00	654.00	654.00	1,794.14	0.00
Total			0.00	104,205.24	104,205.24	1,008,731.19	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 adviser

Name of professional adviser	Basis of fee arrangement	Balance brought forward £	Costs incurred in current period £	Cumulative total £	Costs paid in current period £	Costs outstanding at period end £
DWF LLP - Legal advice re Clients, Client Assets and transactions	Hourly rate and expenses	879,858.15	381,392.00	1,261,250.15	175.00	1,261,075.15
Counsels' fees	Hourly rate and expenses	0.00	447,583.33	596,799.91	447,583.33	0.00
Kroll Advisory Ltd – Fee Assessor costs	Fixed fee	0.00	175,000.00	175,000.00	175,000.00	0.00
Lewis Silkin LLP - Legal advice re employment matters	Hourly rate and expenses	0.00	0.00	35,115.67	0.00	0.00
Foot Anstey LLP - Legal advice re strategic matters	Hourly rate and expenses	1,928.50	1,710.00	80,525.95	0.00	3,638.50
Rabbow & Co LLP	Hourly rate and expenses	0.00	1,575.00	4,275.00	1,575.00	0.00
Birkett Green Lees LLP - Advice and assistance with business rates refunds	Hourly rate and expenses	0.00	0.00	4,544.34	0.00	0.00
Companies House	Filings and charges	0.00	0.00	2,010.00	0.00	0.00
Total		813,261.50	1,006,330.33	2,413,241.87	624,333.33	1,195,258.50

* 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 net of VAT.

VII Category 1 expenses

Description	B/F from previous period £	Costs incurred in current period £	Cumulative total £	Costs paid in current period £	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
Bank account analysis software	0.00	0.00	200.00	0.00	200.00
Total	955.50	0.00	955.50	0.00	955.50

* 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 net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

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 £	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

* 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 net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

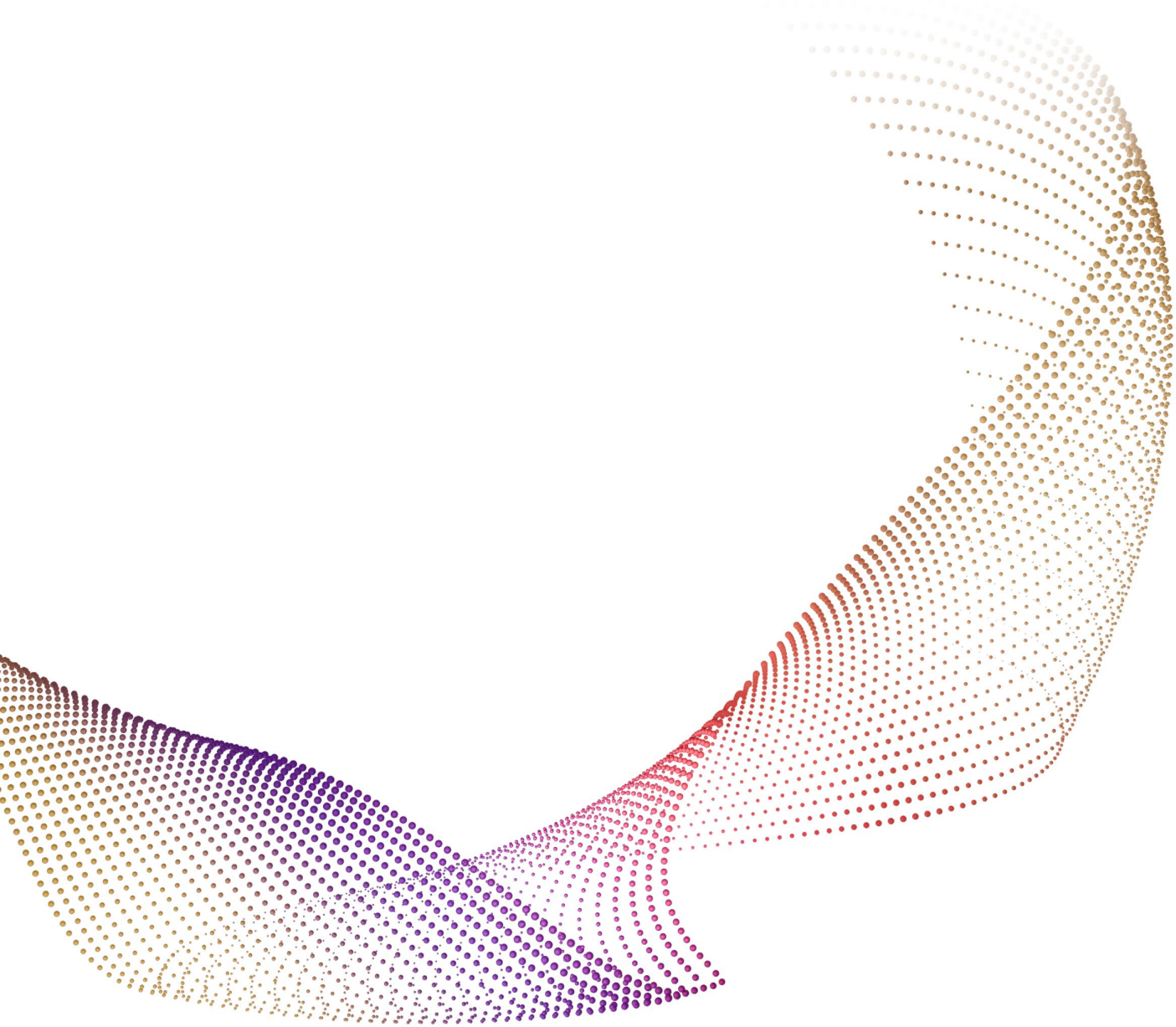
IX Other expenses

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	Costs outstanding at period end
	£	£	£	£	£
Techrelate Ltd - manage the IT infrastructure and supply the various licenses required to run the systems	0.00	9,838.55	9,838.55	112,508.62	0.00
CorelX Ltd - data centre, where all the backups are maintained	0.00	13,021.14	13,021.14	72,197.23	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	19,500.00	19,500.00	251,158.33	0.00
Profile system & software (Cyprus) Ltd (CASS client database software)	0.00	0.00	0.00	80,830.00	0.00
Grants Storage Ltd (Storage and removals)	0.00	0.00	0.00	1,072.69	0.00
Elite Enterprise Software Ltd	0.00	0.00	0.00	636.40	0.00
Courts Advertising (Bar Date Notice)	0.00	0.00	0.00	6,520.70	0.00
Total	0.00	42,359.69	42,359.69	524,923.97	0.0

*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 net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

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>			



www.evelynpartners.com

Principal offices: London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury, and Southampton.

Evelyn Partners LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Registered in England at 45 Gresham Street, London, EC2V 7BG. No. OC 369631.

CLA Evelyn Partners Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities.

evelyn
PARTNERS