

Dolfin Financial (UK) Ltd (In Special Administration) ("Dolfin")
Update for all clients & stakeholders
August 2024

We write to provide you with a formal update on the next steps relating to the Special Administration of Dolfin.

This update should be read in conjunction with the Joint Special Administrators ("JSAs") most recently published statutory progress report for the period ending 29 June 2024.

We are pleased to report that since the release of the last report and with the benefit of a Fee Assessor's independent assessment, the Creditors and Clients Committee ("the Committee"), have voted unanimously to approve both the bases and quantum of the JSAs remuneration, in accordance with the cost allocation model presented to them.

The JSAs would remind all stakeholders that this was a necessary step in progressing towards a Court approved Distribution Plan ("DP"), at which time the costs and expenses are duly sanctioned by the Court, who must be satisfied that the Committee, representing the interests of all creditors and clients, are supportive of the proposed costs allocation.

We continue to work closely with our legal advisors and counsel to:

- 1) Finalise an application to Court for directions on key matters, further details of which are set out below;
- 2) Facilitate an interim distribution of Client Money to Clients with high value Client Money claims and Clients with only a Client Money claim, subject to the outcome of the directions hearing; and
- 3) Finalise the DP with a view to securing a hearing date for Q1 2025 – Q2 2025

The JSAs remain focused on achieving their Objectives, as outlined in the Investment Bank Special Administration Rules & Regulations 2011 and will provide further updates in accordance with the estimated timeline set out at Appendix I.

Creditors & Clients should be aware that these estimates are provided for illustrative purposes only and the JSAs are unable to legislate for delays which may arise from the following:

- General Court availability for the Directions hearing and for Court approval of the DP, noting that the Court is in summer recess until September 2024;
- Additional steps requested by the Court following Directions hearing; and
- Failure to receive valid instructions for the transfer of Client Monies and/or Client Custody Assets

1) Directions application and hearing

Having resolved the position as regards to the JSAs remuneration and associated expenses of the Special Administration, the JSAs are in the process of finalising an application for Court directions, which will address several key matters, including but not limited to the following:

- Dealing with non-responding client regarding the submission of their Custody Asset/Client Money claims;
- Consideration of a potential claim from Tier 1 Investor Visa Clients in conjunction with the making of the Interim Distribution of Client Money;
- The allocation of costs in the special administration of Dolfin, in circumstances where the Custody Assets held have no realisable value and/or are illiquid;
- The valuation process of the Custody Assets; and
- The express ability to liquidate Custody Assets to meet costs, noting that the power is implied in the legislation.

In seeking these directions, JSAs intend to mitigate potential delays which may arise at the subsequent hearing for the approval of the DP.

We presently estimate that the hearing will take place in Q4 2024 and further confirmation will be made available once a date is agreed by the Court.

2) Interim distribution of Client Money

As set out above, the JSAs are progressing towards a directions application which is to be submitted to the Court in advance of the DP. One of the key matters which will be considered, is the JSAs ability to declare an interim distribution of Client Money to be paid to Clients with high value Client Money claims and Clients with only a Client Money claim (i.e. Clients who do not hold any Custody Assets).

Clients may recollect that the JSAs had been placed on notice of potential claims by a select group of T1IV clients, which has required further investigation prior to approaching the Court for directions. Whilst we are unable to specify the nature of the claims intimated, it will now be for the Court to determine whether, based on all available information, there is any reason to object to an interim distribution from the Client Money Pool.

Therefore, pending the Court determining that it is appropriate to proceed, the JSAs will finalise the necessary calculations for an interim distribution of Client Money, which is at present estimated to be in the region of 65%.

The JSAs intend to pay this interim distribution of Client Money to Clients with lower value Client Money claims at the same time as the distribution of their Client Custody Assets.

Upon valid payment instructions having been received by the JSAs and necessary verification checks being completed, transfers will be made to those clients whom of which are eligible.

3) Distribution Plan ("DP")

Following this 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, the timeline for which is estimated below.

4) Future 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:

- i. Go to <https://www.ips-docs.com/> and click in the centre of the screen
- ii. At the next screen click the padlock for "Portal Login"
- iii. Enter (case sensitive) login code: Dolf1n2021
- iv. Enter the (case sensitive) password/unique ID: Dolf1n2021
- v. Click 'LOGIN'
- vi. 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.

5) Indicative Timeline

