



15 March 2018

**To All Clients of BSL & BACSL**

Dear Sir/Madam

**Notification of appointment of Administrators**

We are writing to confirm that we were appointed on 1 March 2018 as joint administrators of Beaufort Securities Limited ("BSL"), pursuant to paragraph 13(1)(a) of Schedule B1 of the Insolvency Act 1986 and Section 359 of the Financial Services and Markets Act 2000 and joint special administrators of Beaufort Asset Clearing Services Limited ("BACSL"), pursuant to Regulation 7(1)(a) of the Investment Bank Special Administration Regulations 2011.

Both BSL and BACSL (the "Firms") were placed into insolvency following an urgent application made by the Financial Conduct Authority ("FCA"). The FCA also issued supervisory notices on the Firms which prohibits them from carrying on any regulated activities and any business activity that is carried on in connection with a regulated activity. In addition, the US Department of Justice has named BSL and several other parties in an indictment in connection with certain criminal charges relating to alleged securities fraud.

The Firms ceased trading immediately upon entering into insolvency. This is a complex insolvency and it is going to take many months to address the numerous issues that will need to be resolved. We appreciate this will cause difficulty to clients and other stakeholders of the Firms during this challenging time.

Our priority is to facilitate an orderly and coordinated return of client money and client assets to rightful clients to the fullest extent possible.

Since our appointment, we have taken steps to reduce the Firms' cost base including closing the Firms' offices in Colwyn Bay and Bristol. The Firms' central operations in the City of London will continue under the instruction of the joint administrators whilst we make plans to begin the significant task of returning cash and securities to clients.

We have safeguarded the Firms' IT and data systems as well as securing approximately £50million in segregated client money accounts and approximately £850million in client securities. We are pleased to be able to confirm that the monies and securities that we have secured are held appropriately in accordance with FCA requirements.

We are mindful that a continuing inability to access your portfolios will be a source of uncertainty and concern. We are doing everything we can to minimise the disruption that this process will cause. We do not anticipate any returns before mid-April at the earliest and many returns will likely take longer. We have had a number of meetings with the Financial Services Compensation Scheme ("FSCS"). The FSCS has declared the Firms to be in default under its rules and as a consequence compensation of up to £50,000 may be available to clients who are eligible under FSCS's rules. We will provide further guidance in that regard when we are able. General guidance may be found on the FSCS website [www.fscs.org.uk](http://www.fscs.org.uk).

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We have used our website, [www.pwc.co.uk/beaufort](http://www.pwc.co.uk/beaufort), as a means of delivering urgent updates to clients and we will continue to use this as a key basis of communication, including a client FAQ. If you have any further queries please contact one of the below:

Email: [client.services@beaufortsecurities.com](mailto:client.services@beaufortsecurities.com)

UK telephone: 0800 0639283

International telephone: [+44 20 7293 0227](tel:+442072930227)

We will write again as soon as we are able to with a further update on all matters.

This letter has been sent to all clients on the Firms' database. If you consider yourself not affected by the insolvency and do not wish to receive any further communications from us please unsubscribe using the link below or by emailing or writing to us.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Russell Downs'.

A handwritten signature in blue ink, appearing to read 'Nigel Rackham'.

Russell Downs  
Nigel Rackham

*Russell Downs, Douglas Nigel Rackham, and Dan Yoram Schwarzmann have been appointed as joint administrators by the High Court to manage the affairs, business and property of Beaufort Securities Limited. Russell Downs, Douglas Nigel Rackham, and Dan Yoram Schwarzmann have also been appointed as joint special administrators by the High Court to manage the affairs, business and property of Beaufort Asset Clearing Services Limited. The Administrators and Special Administrators act as agents of the companies, without personal liability. All are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The Administrators and Special Administrators are bound by the Insolvency Code of Ethics which can be found at:*

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

*The Administrators and Special Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. Personal data will be kept secure and processed only for matters relating to the appointment.*