

Applicants  
Russell Downs  
Seventeenth Statement  
Exhibit "RD-17"  
25 October 2018

No. 7942 of 2008 / CR-2008-000012

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (ChD)

IN THE MATTER OF LEHMAN BROTHERS INTERNATIONAL (EUROPE) (IN  
ADMINISTRATION)

-and-

IN THE MATTER OF THE INSOLVENCY ACT 1986

-and-

IN THE MATTER OF THE TRUSTEE ACT 1925

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RD-17

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This is the exhibit marked "RD-17" referred to in the seventeenth witness statement of Russell Downs.

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## Direction

To: Lehmann Brothers International (Europe) [in administration] (the "firm")

Ref: 5021529

FRN: 147475

Of: Level 23  
25 Canada Square  
London  
E14 5LQ

Date: 25 October 2018

## Handbook Version as in force at 15 September 2008

### Power

1. This direction is given by the *FCA* under section 138A of the *Act*.

### Duration

2.
  - (1) This direction takes effect on 25 October 2018.
  - (2) This direction ends on 24 October 2019.

### Rule modified

3. The *FCA* directs that the *rules* listed below apply to the firm with the modification shown.
4. In the table below, underlining indicates the insertion of new text and striking through indicates deleted text.

Rule	Modification
CASS 7.9.6R (2)	<p>...</p> <p>(2) the <i>firm</i> must distribute that <i>client money</i> in accordance with CASS 7.7.2 R, so that each <i>client</i> receives a sum which is rateable to the <i>client money</i> entitlement calculated in accordance with CASS 7.9.7 R.</p> <p><u>(2A) For the purposes of (2B) to (2M) below:</u></p>

	<p>(a) <u>"payment details" means a client's electronic settlement instructions or current address to which the firm can send a cheque;</u></p> <p>(b) <u>"bar date" means the date specified in the firm's notices and communications to clients as the date by which clients must confirm their payment details if they have not done so since 1 July 2018; and</u></p> <p>(c) <u>"income entitlement" means a client's right, as a result of its client money entitlement, to receive distributions of interest and other gains which have accrued in respect of client money held by the firm.</u></p> <p>(2B) <u>In respect of a client who is shown in the firm's records as having a client money entitlement, and to whom the firm has not made any payments in respect of their client money entitlement, the firm must write to the client, or have written to the client since 1 July 2018, at either the address held by the firm prior to the primary pooling event or, where applicable, the updated address obtained by the firm for the client since the primary pooling event, or by sending an email to the email address held by the firm prior to the primary pooling event or, where applicable, the alternative email address obtained by the firm for the client since the primary pooling event, inviting the client to contact the firm if the client wishes to claim a client money entitlement.</u></p> <p>(2C) <u>At least 21 days after the action in (2B), the firm must ensure that notice is placed in a prominent position on the website used by the firm's administrators to communicate with the firm's clients, which remains there until the final distribution of client money, and which states that:</u></p> <p>(a) <u>regardless of whether they have previously accepted payment(s) in respect of their client money entitlements, all clients who have not confirmed their payment details since 1 July</u></p>
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	<p><u>2018 must do so by the <i>bar date</i> (which must be specified in the notice and must be at least 21 days from the date of the posting of the notice);</u></p> <p><u>(b) if a <i>client</i> has not confirmed its <i>payment details</i> since 1 July 2018 and does not do so by the <i>bar date</i> and the <i>client's</i> total remaining <i>client money</i> entitlement, together with any <i>income entitlement</i> thereon, is at least USD 25, then the <i>firm</i> intends to pay the value of the <i>client's</i> remaining <i>client money</i> entitlement and/or any <i>income entitlement</i> thereon into the Insolvency Service's Unclaimed Dividends Account in order that the <i>client</i> may claim such amount from the Insolvency Service's Unclaimed Dividends Account at any time; and upon such payment into the Insolvency Service's Unclaimed Dividends Account, the interests in <i>client money</i> of any such <i>clients</i> will cease; and</u></p> <p><u>(c) if a <i>client</i> has not confirmed its <i>payment details</i> since 1 July 2018 and does not do so by the <i>bar date</i> and the <i>client's</i> total remaining <i>client money</i> entitlement, together with any <i>income entitlement</i> thereon, is less than USD 25, then the <i>firm</i> intends to distribute <i>client money</i> without regard to the <i>client's</i> remaining <i>client money</i> entitlement and/or <i>income entitlement</i> thereon; and upon the <i>bar date</i>, the interests in <i>client money</i> of such <i>clients</i> who have not confirmed their <i>payment details</i> since 1 July 2018 and do not do so by the <i>bar date</i> will cease.</u></p> <p><u>(2D) At least 21 days after the action in (2B), where applicable, (and which can therefore be carried out before, simultaneously with, or after the action in (2C)), the <i>firm</i> must write to <i>clients</i> at either the address held by the <i>firm</i> prior to the <i>primary pooling event</i> or, where applicable, the updated address obtained by the <i>firm</i> for the <i>client</i> since the <i>primary pooling event</i>, or by sending an email to the email address held by the <i>firm</i> prior to the <i>primary pooling event</i> or, where applicable, the alternative email</u></p>
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	<p><u>address obtained by the <i>firm</i> for the <i>client</i> since the <i>primary pooling event</i>, informing the <i>client</i>:</u></p> <p><u>(a) if, after accounting for any payment(s) previously made in respect of their <i>client money</i> entitlement, they are a <i>client</i> whose total remaining <i>client money</i> entitlement, together with any <i>income entitlement</i> thereon, is at least USD 25:</u></p> <p><u>(i) that, regardless of whether they have previously accepted payment(s) in respect of their <i>client money</i> entitlements, all <i>clients</i> who have not confirmed their <i>payment details</i> since 1 July 2018 must do so by the <i>bar date</i> (which must be specified in the notice and must be at least 21 days from the date on which the notice is sent);</u></p> <p><u>(ii) if the <i>client</i> has not confirmed its <i>payment details</i> since 1 July 2018 and does not do so by the <i>bar date</i>, then the <i>firm</i> intends to pay the value of the <i>client's</i> remaining <i>client money</i> entitlement (together with any <i>income entitlement</i> thereon) to the Insolvency Service's Unclaimed Dividends Account in order that the <i>client</i> may claim such amount from the Insolvency Service's Unclaimed Dividends Account at any time;</u></p> <p><u>(iii) of the contact details for the Insolvency Service's Unclaimed Dividends Account, should the <i>client</i> wish to claim the amount from the Insolvency Service's Unclaimed Dividends Account at any time once it has been paid to such account; and</u></p> <p><u>(iv) that upon such payment into the Insolvency Service's Unclaimed Dividends Account, the <i>client's</i> interest in <i>client money</i> will cease; or</u></p> <p><u>(b) if, after accounting for any payment(s) previously made in respect of their <i>client money</i> entitlement, they are a <i>client</i> whose total remaining <i>client money</i> entitlement, together with any <i>income entitlement</i> thereon, is less than</u></p>
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	<p><u>USD 25:</u></p> <ul style="list-style-type: none"> <li>(i) <u>that, regardless of whether they have previously accepted payment(s) in respect of their <i>client money</i> entitlements, all <i>clients</i> who have not confirmed their <i>payment details</i> since 1 July 2018 must do so by the <i>bar date</i> (which must be specified in the notice and must be at least 21 days from the date on which the notice is sent);</u></li> <li>(ii) <u>that if the <i>client</i> has not confirmed its <i>payment details</i> since 1 July 2018 and does not do so by the <i>bar date</i>, then the <i>firm</i> intends to distribute <i>client money</i> without regard to the <i>client's client money</i> entitlement (including any <i>income entitlement</i> thereon); and</u></li> <li>(iii) <u>that if the <i>client</i> has not confirmed its <i>payment details</i> since 1 July 2018 and does not do so by the <i>bar date</i>, then the <i>client's</i> interest in <i>client money</i> will cease upon the <i>bar date</i>.</u></li> </ul> <p><u>(2E) The firm must wait at least 21 days from the last attempted communication to a <i>client</i> under (2C) and (2D) before taking any action under (2F) or (2I) in respect of that <i>client</i>.</u></p> <p><u>(2F) After the <i>bar date</i> the <i>firm</i> may pay the value of the remaining <i>client money</i> entitlement and/or <i>income entitlement</i> of a <i>client</i> who is shown in the <i>firm's</i> records (as at the <i>bar date</i>) as having a <i>client money</i> entitlement and to whom (2D)(a) applies, into the Insolvency Service's Unclaimed Dividends Account in order that the <i>client</i> may claim such amount from the Insolvency Service's Unclaimed Dividends Account at any time, provided that the <i>firm</i> has complied with the course of action required by (2C), (2D), (2E), and where applicable (2B), and the <i>firm</i> did not receive confirmation of the <i>client's payment details</i> between 1 July 2018 and the <i>bar date</i>.</u></p>
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	<p><u>(2G) Upon payment by the <i>firm</i> to the Insolvency Service's Unclaimed Dividends Account of monies in accordance with (2F), the <i>clients</i> whose distributions are constituted by such payments shall cease to have an interest in <i>client money</i> within the meaning of CASS 7.7.2 R. Any such cessation of <i>clients'</i> interests in <i>client money</i> shall not affect the <i>income entitlements</i> of any other <i>clients</i>.</u></p> <p><u>(2H) When the <i>firm</i> makes a payment to the Insolvency Service's Unclaimed Dividends Account in accordance with (2F) it must notify the FCA and the Insolvency Service of the total amount contributed to the Insolvency Service's Unclaimed Dividends Account and the name, address and payment amount in respect of each <i>client</i> whose remaining <i>client money</i> entitlement and/or <i>income entitlement</i> has been included in such payment.</u></p> <p><u>(2I) The <i>firm</i> may make distributions of <i>client money</i> without regard to the <i>client money</i> entitlement of a <i>client</i> who is shown in the <i>firm's</i> records (as at the <i>bar date</i>) as having a <i>client money</i> entitlement and to whom (2D)(b) applies, provided that the <i>firm</i> has complied with the course of action required by (2C), (2D) and (2E), and where applicable (2B), and the <i>firm</i> did not receive confirmation of the <i>client's payment details</i> between 1 July 2018 and the <i>bar date</i>.</u></p> <p><u>(2J) Upon the <i>bar date</i>, each <i>client</i> falling within (2I) shall cease to have an interest in <i>client money</i> within the meaning of CASS 7.7.2 R. Any such cessation of <i>clients'</i> interests in <i>client money</i> shall not affect the <i>income entitlements</i> of any other <i>clients</i>.</u></p> <p><u>(2K) When the <i>firm</i> makes a distribution of <i>client money</i> without regard to the <i>client money</i> entitlement of a <i>client</i> in accordance with (2I) it must notify the</u></p>
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	<p><u>FCA promptly after the distribution:</u></p> <p><u>(a) of the names of the <i>clients</i> falling within (2I) that ceased to have an interest in <i>client money</i> in accordance with (2J); and</u></p> <p><u>(b) the amount of <i>client money</i> that each of those <i>clients</i> falling within (2I) would have received if they had confirmed their <i>payment details</i> between 1 July 2018 and the <i>bar date</i>.</u></p> <p><u>(2L) Where the <i>firm</i> has sent a cheque to a <i>client</i> because the <i>client</i> has confirmed its <i>payment details</i> by providing a current address to which a cheque could be sent, and the <i>client</i> has not presented the cheque for payment within three months of the cheque's date, the <i>firm</i> may pay the value of that distribution into the Insolvency Service's Unclaimed Dividends Account in order that the <i>client</i> may claim such a distribution from the Insolvency Service's Unclaimed Dividends Account at any time, provided that:</u></p> <p><u>(a) at least 30 days before the cheque's expiry date, the <i>firm</i> writes to the <i>client</i> at the relevant current address, informing the <i>client</i>:</u></p> <p><u>(i) that should any cheque not be presented for payment within three months of the cheque's date, the amount will be contributed to the Insolvency Service's Unclaimed Dividends Account; and</u></p> <p><u>(ii) of the contact details for the Insolvency Service's Unclaimed Dividends Account, should the <i>client</i> wish to claim the distribution amount at any time;</u></p> <p><u>(b) at least 30 days before the cheque's expiry date, the <i>firm</i> ensures that notice is placed in a prominent position on the website used by the <i>firm's</i> administrators to communicate with the <i>firm's clients</i>, which remains there until the date on which the administration of the <i>firm</i> is completed, and which states:</u></p> <p><u>(i) that where a <i>client</i> has received a cheque</u></p>
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	<p><u>in respect of its <i>client money</i> entitlement and/or <i>income entitlement</i> and has not presented that cheque for payment within three months of the cheque's date, the <i>firm</i> may pay the value of that distribution into the Insolvency Service's Unclaimed Dividends Account; and</u></p> <p>(ii) <u>the contact details for the Insolvency Service's Unclaimed Dividends Account should the <i>client</i> wish to claim the distribution amount at any time; and</u></p> <p>(c) <u>at the time of the payment, the <i>firm</i> notifies the FCA and the Insolvency Service of the total amount contributed to the Insolvency Service's Unclaimed Dividends Account and the name, address and distribution amount of each <i>client</i> whose distribution has been included in such payment.</u></p> <p><u>(2M) Upon payment by the <i>firm</i> to the Insolvency Service's Unclaimed Dividends Account of monies in accordance with (2L), each <i>client</i> whose distributions are constituted by such payments shall cease to have an interest in <i>client money</i> within the meaning of CASS 7.7.2 R. Any such cessation of <i>clients'</i> interests in <i>client money</i> shall not affect the <i>income entitlements</i> of any other <i>clients</i>.</u></p>
CASS 7.9.9R	<p><i>Client money</i> received by the <i>firm</i> after a <i>primary pooling event</i> must not be pooled with <i>client money</i> held in any <i>client money</i> account operated by the <i>firm</i> at the time of the <i>primary pooling event</i>. It must be placed in a <i>client bank account</i> that has been opened after that event and must be handled in accordance with the <i>client money rules</i>, and returned to the relevant <i>client</i> without delay, except to the extent that:</p> <p>(1) it is <i>client money</i> relating to a transaction that has not settled at the time of the <i>primary pooling event</i>; <del>or</del></p>

	<p>(2) it is <i>client money</i> relating to a <i>client</i>, for whom the <i>client money</i> entitlement, calculated in accordance with CASS 7.9.7 R, shows that <i>money</i> is due from the <i>client</i> to the <i>firm</i> at the time of the <i>primary pooling event</i>; <u>or</u></p> <p><u>(2A) the <i>client</i> has ceased to have an interest in <i>client money</i> in accordance with CASS 7.9.6 R (2A) to (2M).</u></p>
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### **Interpretation**

5. Interpretative provisions (including definitions) of the *Handbook* apply to this direction in the same way they apply to the *Handbook*.

Marium Mahmood Gul  
Waivers Team  
Authorisations  
Financial Conduct Authority

## Ball, Benjamin

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**From:** Sarah Nugent <Sarah.Nugent@insolvency.gsi.gov.uk>  
**Sent:** 25 October 2018 12:19  
**To:** Swil, Jonathan  
**Cc:** Ball, Benjamin; Porter, Nick  
**Subject:** RE: Lehman Brothers International (Europe) (in administration) - unclaimed monies

Hi Jonathan

Thank you for your email. As discussed with Ben earlier today it is our understanding that if the court order says that the Insolvency Service can hold the funds and that the claimants can come forward to claim the funds from us, that there should be no issues. We have however raised a referral to our technical team for them to advise on this, should you require a definitive answer.

As mentioned to Ben, our head of department is just reviewing our cost calculations and then I will be in a position to put these in writing to you.

Kind regards

Sarah

Sarah Nugent | Estate Accounts Operational Business Support Manager | Insolvency Service – Delivering economic confidence | CustomerServices.EAS@insolvency.gsi.gov.uk | Cannon House, PO Box 16652, B2 2HR 0121 698 4268 | @InsolvencyGovUK | [www.gov.uk/insolvency-service](http://www.gov.uk/insolvency-service)

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**From:** Swil, Jonathan [mailto:jonathan.swil@linklaters.com]  
**Sent:** 25 October 2018 12:06  
**To:** Sarah Nugent  
**Cc:** Ball, Benjamin; Porter, Nick  
**Subject:** RE: Lehman Brothers International (Europe) (in administration) - unclaimed monies  
**Importance:** High

Dear Sarah

I understand that you kindly agreed with my colleague Ben Ball earlier today that you would send us an email confirming that, on the basis of a court order, the Insolvency Service is prepared to receive the unclaimed client money funds and pay them out to any relevant claimants who in due course come forward.

I understand that you have constraints on your time today and apologise for the urgency of this. But we would be most grateful if you could send the email as soon as possible today and ideally before 3pm, given that the confirmation that the Insolvency Service will accept and pay out the funds relates to the waiver we are seeking from the FCA and there is an urgent need to finalise that today ahead of the court hearing early next week.

Many thanks  
Jonathan

**Jonathan Swil** | Managing Associate | T +44 20 7456 4401 | M +44 750 0084147 | **Linklaters LLP** | London

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**From:** Sarah Nugent <Sarah.Nugent@insolvency.gsi.gov.uk>  
**Sent:** 18 October 2018 12:09  
**To:** Swil, Jonathan <jonathan.swil@linklaters.com>  
**Subject:** RE: Lehman Brothers International (Europe) (in administration) - unclaimed monies

Dear Jonathan

Thank you for your email and sorry I wasn't available to take your call yesterday.

I need to discuss this with my colleague who dealt with the cost calculations for MF Global UK Limited to see exactly how they were calculated so that I can provide you with the information you need.

Once I have done this I will give you a call back to discuss.

Kind regards

Sarah

Sarah Nugent | Estate Accounts Operational Business Support Manager | Insolvency Service – Delivering economic confidence | [CustomerServices.EAS@insolvency.gsi.gov.uk](mailto:CustomerServices.EAS@insolvency.gsi.gov.uk) | Cannon House, PO Box 16652, B2 2HR 0121 698 4268 | @InsolvencyGovUK | [www.gov.uk/insolvency-service](http://www.gov.uk/insolvency-service)

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**From:** Swil, Jonathan [<mailto:jonathan.swil@linklaters.com>]  
**Sent:** 17 October 2018 14:58  
**To:** Sarah Nugent  
**Cc:** Porter, Nick; Ball, Benjamin  
**Subject:** RE: Lehman Brothers International (Europe) (in administration) - unclaimed monies

Dear Sarah

Thank you very much for the confirmation.

I have left a message to discuss this further with you as it would be helpful to understand in a bit more detail how you calculate the costs and to what extent the precise figure (as opposed to a general requirement that we pay your costs, whatever they may be) needs to be stated.

The issue we have is that while the group of claimants whose funds we would like to pay to the Unclaimed Dividends Account is more or less known now, it will not be fixed until after the court order we are seeking is made. Therefore, to avoid having to estimate or seek a subsequent court order once it is clear whose funds we would be paying to the account, we would very much prefer if we could either include in the order a requirement to pay the Insolvency Service's costs in general terms or understand the calculation method and refer to that in the order e.g. "£[.] x the number of claimants" or "[.]% x the total amount to be paid into the account" etc.

Many thanks  
Jonathan

**Jonathan Swil** | Managing Associate | T +44 20 7456 4401 | M +44 750 0084147 | **Linklaters LLP** | London

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**From:** Sarah Nugent <[Sarah.Nugent@insolvency.gsi.gov.uk](mailto:Sarah.Nugent@insolvency.gsi.gov.uk)>  
**Sent:** 17 October 2018 12:23



**To:** Swil, Jonathan <[jonathan.swil@linklaters.com](mailto:jonathan.swil@linklaters.com)>

**Subject:** RE: Lehman Brothers International (Europe) (in administration) - unclaimed monies

Hi Jonathan

Thank you for your email, as per our telephone conversation I can confirm that in order for us to accept the funds we would require a court order to confirm that the funds can be paid across to us.

As there is no provision for the Insolvency Service to hold client funds, we would need you to provide us with a list of the outstanding claims so that we could calculate our costs for holding these funds and processing and future claims. Our costs would then need to be included in the order.

You mentioned on the phone if the costs could be deducted from the client funds or if they have to be paid separately. I queried this with a colleague and we think you would need to obtain advice regarding our costs and whether they can be deducted from the client funds or not. We don't think it is our place to advise on this.

If you need to discuss this further, please don't hesitate to contact me.

Kind regards

Sarah

Sarah Nugent | Estate Accounts Operational Business Support Manager | Insolvency Service – Delivering economic confidence | [CustomerServices.EAS@insolvency.gsi.gov.uk](mailto:CustomerServices.EAS@insolvency.gsi.gov.uk) | Cannon House, PO Box 16652, B2 2HR 0121 698 4268 | [InsolvencyGovUK](mailto:InsolvencyGovUK) | [www.gov.uk/insolvency-service](http://www.gov.uk/insolvency-service)

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**From:** Swil, Jonathan [<mailto:jonathan.swil@linklaters.com>]

**Sent:** 15 October 2018 15:45

**To:** Sarah Nugent

**Cc:** Porter, Nick; Ball, Benjamin

**Subject:** FW: Lehman Brothers International (Europe) (in administration) - unclaimed monies

**Importance:** High

Dear Sarah

Many thanks for your call a few moments ago.

As discussed, the email I sent to the customer services email address on Friday is below.

Please do let us know if you need any further information from us.

I look forward to hearing from you.

Many thanks  
Jonathan

**Jonathan Swil** | Managing Associate | T +44 20 7456 4401 | M +44 750 0084147 | **Linklaters LLP** | London



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**From:** Swil, Jonathan  
**Sent:** 12 October 2018 18:06  
**To:** [CustomerServices.EAS@Insolvency.gsi.gov.uk](mailto:CustomerServices.EAS@Insolvency.gsi.gov.uk)  
**Cc:** Ball, Benjamin <[benjamin.ball@linklaters.com](mailto:benjamin.ball@linklaters.com)>; Porter, Nick <[nick.porter@linklaters.com](mailto:nick.porter@linklaters.com)>  
**Subject:** Lehman Brothers International (Europe) (in administration) - unclaimed monies  
**Importance:** High

For the attention of Ms Sarah Nugent

Dear Ms Nugent

I am writing further to a helpful telephone call with June Silvester earlier today. Ms Silvester suggested that I contact you directly via this email address. As explained below we would be very grateful if we could discuss on Monday an urgent issue regarding the potential payment of monies to the Unclaimed Dividends Account.

We act for the Joint Administrators of Lehman Brothers International (Europe) (in administration) ("LBIE").

LBIE holds, as trustee, client money belonging to certain former clients of LBIE under a statutory trust pursuant to the Financial Conduct Authority's ("FCA") Client Asset Sourcebook rules (the "Client Money Estate").

The Joint Administrators are currently taking steps to draw the Client Money Estate to a close. These include an application to the High Court for an order to impose a date by which any further claims on the Client Money Estate must be made (the "Bar Date"). The application is listed to be heard on 29 or 30 October 2018. Following the hearing and assuming the Bar Date is imposed, the Joint Administrators intend to make a final distribution to clients of client money.

It is anticipated that the Joint Administrators will not be able to pay a final distribution of client money that is owed to a sub-group of approximately 75 clients (the "Unresponsive Clients"). This is because numerous attempts have been made in the past to contact or pay the Unresponsive Clients but those attempts have been unsuccessful.

The FCA has suggested to the Joint Administrators that any client money owed to Unresponsive Clients could be paid to the Insolvency Service's Unclaimed Dividends Account. It is anticipated that the total amount that will be owed to the Unresponsive Clients is approximately \$2.5 million. If such money were paid into the Unclaimed Dividends Account, we understand that if the Unresponsive Clients do subsequently come forward they would be able to claim it from the Insolvency Service.

We also understand that the Insolvency Service has accepted client money in similar circumstances in other cases, for example, in relation to Pritchard Stockbrokers Limited (and attach, for your reference, the relevant FCA Direction entitling the administrators of Pritchard Stockbrokers to do so) and MF Global UK Limited.

In the light of the above, and as suggested by Ms Silvester, we are contacting you to request that the Insolvency Service agrees to accept client money owed to the Unresponsive Clients into the Unclaimed Dividends Account so that such money can be claimed by those clients if they wish to do so in due course after the Bar Date.

Given the imminence of the High Court application, we would be most grateful if you could consider this request as a matter of urgency and, in the first instance, would very much appreciate an opportunity to discuss this with you on Monday, 15 October. Please do let us know if that will be possible and if so, what times would suit you, and if you require any further information from us at this stage.

Thank you for your time. We look forward to hearing from you.

Kind regards  
Jonathan

**Jonathan Swil | Managing Associate**  
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# *Client Money Update - High Court application for a client money bar date - 21 September 2018*

On 20th September 2018 the Joint Administrators made an application to the High Court seeking a bar date by which all client money claimants must make their claims with a view to paying a final client money distribution and closing the client money estate.

The Joint Administrators are currently preparing their supporting evidence in respect of the application. They are also discussing the steps to be taken when closing the client money estate with the FCA. The Joint Administrators will post an update in due course to publicise their supporting evidence and the outcome of those discussions.

The application has been issued without any named respondents. However, if you are interested in being a respondent to the application please email [clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com). Please include "Client Money Application" in the subject line of your e-mail.

The application has currently been listed to be heard on either 29th October 2018 or 30th October 2018.

## *Action required*

On 11 July 2018 we gave Notice of our Intention to Pay a Third Interim Client Money Distribution up to 100% of client money entitlements (in aggregate with prior distributions). A number of clients who responded to our communications about that distribution have now received 100% of their client money entitlements.

If you have not received 100% of your client money entitlement, please contact the Communications and Counterparty Management Team by emailing [clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com).

You should also contact the Communications and Counterparty Management Team ([clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com)) if you believe that you have a client money entitlement, but we have not sent you a determination of that client money entitlement or have not made a client money payment to you, or if you disagree with our



determination of your client money entitlement.

The Joint Administrators believe that there is a surplus in the client money estate. They anticipate that the final distribution, which they intend to pay to client money claimants after the bar date, will provide a total recovery for client money claimants up to approximately 106% of client money entitlements. It is intended that the remaining surplus will be transferred to the LBIE unsecured estate pursuant to the statutory rules that govern the client money estate.

If you have received payment of 100% of your client money entitlement and are satisfied with our determination of your client money entitlement, then you do not need to take any action at this stage. We will be writing, in due course, to all clients with client money entitlements of which we are aware, to provide information about our determination of each client's client money entitlement and the final distribution to which we believe they are entitled. At that point, we will ask you to confirm your payment details in order to receive the proposed final distribution.

### *Queries*

If you have any questions about this update please contact the Communications and Counterparty Management Team by emailing [clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com).

Joint Administrators' Twentieth Progress Report - 11 October 2018

## ***An account of the steps taken over the last six months***

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## ***Client Money Update - Client Money bar date application - Sixteenth Witness Statement of Russell Downs - 15 October 2018***

On 15 October 2018, the Joint Administrators filed the Sixteenth Witness Statement of Russell Downs in support of their application to the High Court for a client money bar date. The Joint Administrators have also filed a draft of the Court Order which they are seeking in the application.

The client money bar date application has been listed to be heard on either 29th October 2018 or 30th October 2018. Further information on the application can be found [here](#).

You can access a copy of the witness statement [here](#) and the draft Order [here](#).

The application is for a bar date by which all client money claimants must make their claims with a view to paying a final client money distribution and closing the client money estate. You should contact the Communications and Counterparty Management Team ([clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com)) if you believe that you have a client money entitlement, but we have not sent you a determination of that client money entitlement or have not made a client money payment to you, or if you disagree with our determination of your client money entitlement.

Should you have any queries regarding this update, please contact LBIE's Communications and Counterparty Management team at [clientpositionresponses@lbia-eu.com](mailto:clientpositionresponses@lbia-eu.com).

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