

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

**IN THE MATTER OF BLANKSTONE SINGTON LIMITED (IN SPECIAL
ADMINISTRATION)**

**AND IN THE MATTER OF THE INVESTMENT BANK SPECIAL ADMINISTRATION
REGULATIONS 2011**

Before [●]

Dated [●] May 2024

Draft ORDER

UPON THE APPLICATIONS of:

- (1) Blankstone Sington Limited (in special administration) (the "**Company**"), as trustee of the statutory trust of Client Money under CASS 7 and 7A (the "**Client Money Trust**"), pursuant to CPR Part 64 and paragraph 63 of Schedule B1 to the Insolvency Act 1986 (as applied and modified by regulation 15 of IBSAR), for directions as to whether it is permitted to distribute the Client Money pool via a transfer of Client Money to the Nominated Broker; and
- (2) Mr Andrew Poxon, Ms Hilary Pascoe and Mr Alex Cadwallader, in their capacity as joint special administrators of the Company (the "**Administrators**"), pursuant to rule 146 of the IBSA Rules, for approval of the distribution plan as approved by the creditors' committee on 16 April 2024 and exhibited to the witness statement of Mr Andrew Poxon dated 22 April 2024 (the "**Distribution Plan**")

AND UPON READING the witness statement of Mr Andrew Poxon dated 22 April 2024

AND UPON HEARING Mr Adam Al-Attar KC for the Applicants

AND UPON the Nominated Broker having provided undertakings to the Court, in the terms contained in Schedule 1 (*Form of undertakings*) of this Order

AND UPON the Court being satisfied:

- (1) as regards the Distribution Plan, that:
 - (a) the Administrators have made the necessary notifications in accordance with rule 143 of the IBSA Rules; and
 - (b) the creditors' committee of the Company has approved the Distribution Plan; and
- (2) as regards the transfer of Client Money to the Nominated Broker, that the Company, acting by the Administrators, has obtained:
 - (a) from the FCA, the CASS Waiver so as to permit the transfer of Client Money to the Nominated Broker, as contemplated by and in connection with the Sale and Purchase Agreement; and
 - (b) from the Nominated Broker:
 - (i) an undertaking to hold the Client Money in accordance with CASS 7, as required by CASS 7A.2.4R(4)(c);
 - (ii) an undertaking that the Nominated Broker will issue to each Client whose Client Money is transferred to it a notice in accordance with CASS 7A.2.4R(4)(e) and CASS 7A.2.4A-2G(2); and
 - (iii) an undertaking that the Nominated Broker will comply with any such Client's request for a reverse of their Client Money to the Company in accordance with regulation 10C of IBSAR, in accordance with CASS 7A.2.4A-2G(1)

IT IS ORDERED that:

General

1. The definitions contained in Schedule 2 (*Definitions*) of this Order shall apply to the terms of this Order. Save as defined therein or otherwise specified, capitalised terms in this Order shall have the meaning defined in the Distribution Plan.

Client Assets

2. Pursuant to rule 146 of the IBSA Rules, the Distribution Plan is approved and the Administrators shall have permission to deal with Client Assets in accordance with the procedure set out in the Distribution Plan.
3. The Administrators' costs of and occasioned by the Court application to have the Distribution Plan approved shall be paid as an expense of the special administration.
4. The Administrators shall have liberty to apply in connection with the terms of this Order and the Distribution Plan.

Client Money

5. The Company, acting by the Administrators, is at liberty as trustee, subject to the terms of this Order, to transfer Client Money to the Nominated Broker in discharge of its obligations as trustee under CASS 7A.2.4R(4) (transfer as an alternative to a distribution under CASS 7A.2.4R(2)(a)).
6. Any transfer of Client Money pursuant to paragraph 5 above shall discharge the Company's fiduciary duty as trustee under CASS 7 and 7A in accordance with CASS 7.11.34R(2)(e) save that the trustee shall remain responsible for (i) any Client Money retained to satisfy provisions made pursuant to the terms of the procedure set out in Schedule 3 (*Client Money Distribution Procedure*) (the "**Client Money Distribution Procedure**"); and (ii) the determination and, as required, the adjudication of any Clients' client money entitlements the subject of a dispute to be resolved in accordance with Client Money Distribution Procedure.
7. Where FSCS has made a Hardship Payment to a Client, the Company, acting by the Administrators, shall be entitled to deduct an amount equal to such Hardship Payment from the relevant Client's client money entitlement and apply such amount in payment of that Client's share of the costs of the special administration and the return of Client Assets and Client Money. Upon receiving a Hardship Payment from FSCS, an amount of the relevant Client's client money entitlement equal to such Hardship Payment shall be deemed to have been returned to the relevant Client in accordance with CASS 7.11.34R(1) and regulation 10 of IBSAR.

Client Money Distribution – Dispute Resolution

8. The procedure set out in Schedule 3 (*Client Money Distribution Procedure*) shall apply for the purpose of ascertaining the claims of Clients, and persons claiming to be Clients, to share in a distribution of the Client Money Trust, and the Company and the Administrators shall be at liberty to act in accordance with that procedure.
9. The Company, acting by the Administrators, shall be at liberty to transfer or to distribute the Client Money Trust on the basis that the only Clients with a "**client money entitlement**" under CASS 7A.2.5R as against the Client Money Trust are the clients who have:
 - (a) submitted a "**client money proof**" as defined in Rule 1 (*Claiming for a client money entitlement*) of the Client Money Distribution Procedure by the Soft Bar Date, as extended to the Effective Date by notice given on or around 22 April 2024 being "**the last date for proving**", or whose client money entitlement is accepted by the Administrators based on the Company's books and records; and
 - (b) whose client money entitlement is either:
 - (i) agreed by the Company acting by the Administrators; or
 - (ii) to be admitted in accordance with an order of the Court on an appeal issued in accordance with Rule 4 (*Appeal against decision on proof*) of the Client Money Distribution Procedure.
10. If the Company, as trustee, acting by the Administrators, as its agents, should act in accordance with the terms of this Order, neither the Company nor the Administrators shall be liable, with respect to any distribution or transfer of Client Money, to any client of the Company who might, by whatever means, later establish a client money entitlement in excess of the client money entitlement agreed or admitted in accordance with paragraph 9 above.
11. For the avoidance of doubt, the Administrators shall act in accordance with this Order and the Client Money Distribution Procedure solely as agents of the Company in its capacity as trustee of the Client Money Trust, and nothing in this Order or in the Client Money Distribution Procedure or in the performance thereof shall result in the Administrators assuming liability as trustees.

12. The costs of and occasioned by the Distribution Application shall be paid as costs properly attributable to the distribution of the Client Money Trust within the meaning of CASS 7.17.2R(4).

13. The Company and the Administrators shall have liberty to apply to the Court including to vary or modify the terms of this Order and the Client Money Distribution Procedure.

The Court provided a sealed copy of this order to:

Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW

SCHEDULE 1

Form of undertakings

[TO BE PLACED ON THE NOMINATED BROKER'S HEADED PAPER]

For the attention of the Administrators
Blankstone Sington Limited (in Special Administration)
Riverside House
Irwell Street
Manchester M3 5EN

[●] 2024

Dear Sirs,

Blankstone Sington Limited (in special administration) (the Company)

We refer to:

- (a) the distribution plan in respect of the Company pursuant to Part 5 of The Investment Bank Special Administration (England and Wales) Rules 2011 (the **Distribution Plan**); and
- (b) the order setting out the procedure for the distribution of client money held by the Company (the **Client Money Order**).

Unless a contrary intention appears, for the purpose of this undertaking, we shall adopt the definitions used in the Distribution Plan and the Client Money Order, as approved by the Court.

We hereby undertake to the Court, in favour of the Administrators, with immediate effect upon Transfer (as defined in the Sale and Purchase Agreement) on the Transfer Date, to:

- (a) as regards the transfer of Client Assets pursuant to the Distribution Plan:
 - (i) act in accordance with and in full compliance with the terms of the Distribution Plan;
 - (ii) not take any steps that might impede or delay the implementation of the Distribution Plan; and
 - (iii) act in accordance with and in full compliance with the reasonable instructions of the Administrators pursuant to clause 4.5 (*Transfer to the Nominated Broker*) of the Distribution Plan where the Administrators

believe, in good faith and in a commercially reasonable manner, that such instructions are necessary to comply with the terms of the Distribution Plan; and

- (b) as regards the transfer of Client Money pursuant to the Client Money Order:
- (i) hold the Client Money in accordance with CASS 7, as required by CASS 7A.2.4R(4)(c);
 - (ii) issue to each Client whose Client Money is transferred to it a notice in accordance with CASS 7A.2.4R(4)(e) and CASS 7A.2.4A-2G(2); and
 - (iii) comply with any such Client's request for a reverse of their Client Money to the Company in accordance with regulation 10C of the Regulations, in accordance with CASS 7A.2.4A-2G(1),

provided always that we consider (acting reasonably) that such steps are not inconsistent with our obligations to clients contained in our terms and conditions in force as at the date of this undertaking (as annexed to this letter):

Signed

Authorised signatory
for and behalf of Redmayne-Bentley LLP
of 3 Wellington Place, Leeds, England, LS1 4AP

SCHEDULE 2

Definitions

In this Order:

"**CASS**" means the Client Assets Sourcebook (as amended from time to time) published by the FCA as part of the FCA Handbook;

"**CASS 7**" means Chapter 7 of CASS (*Client money rules*);

"**CASS 7A**" means Chapter 7A of CASS (*Client money distribution and transfer*);

"**CASS Waiver**" means the proposed FCA waiver of CASS Rule 7A.2.4R(4)(b);

"**Claim Submission**" means a claim in respect of Client Money submitted through the Portal or by returning a Client Claim Form, in each case completed to the satisfaction of the Administrators;

"**Client**" means a person for whom the Company has undertaken to receive or hold Client Assets or Client Money (whether or not that undertaking has been complied with);

"**Client Assets**" means assets which the Company holds for a client (whether directly or through a sub-custodian or otherwise and whether by means of trust or other means) but does not include Client Money;

"**Client Claim Form**" means the client claim form to be used by Clients who do not have access to the Portal in order to submit their claims in respect of Client Assets;

"**Client Money**" means client money which the Company holds in accordance with the rules set out in CASS;

"**Court**" means the High Court of Justice, Business and Property Courts of England and Wales, Chancery Division;

"**Distribution Application**" means the application by the application notice dated 22 April 2024 by which the Company and the Administrators applied for permission to act in accordance with the terms of Schedule 3 (*Client Money Distribution Procedure*);

"**FCA**" means the Financial Conduct Authority;

"**FSCS**" means Financial Services Compensation Scheme Limited, a company registered in England under number 03943048 and having its registered office at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU;

"**Hardship Payment**" means any payment made by FSCS to an eligible Client on the basis that FSCS was satisfied such Client was experiencing severe financial hardship;

"**IBSAR**" means The Investment Bank Special Administration Regulations 2011 as amended as at the date of the special administration of the Company;

"**IBSA Rules**" means The Investment Bank Special Administration (England and Wales) Rules 2011 as amended as at the date of the special administration of the Company;

"**Order**" means the order, on the Distribution Application, to which the Client Money Distribution Procedure is scheduled;

"**Portal**" means the Company's online portal developed by the Administrators for the purpose of facilitating the return of Client Assets and Client Money;

"**Rule**" means each of the sections of the Client Money Distribution Procedure under Schedule 3 (*Client Money Distribution Procedure*) numbered 1 to 12;

"**sub-paragraph**" means each of the sub-sections of the Rules in the Client Money Distribution Procedure under Schedule 3 (*Client Money Distribution Procedure*) numbered in the format (1), (2) etc.; and

"**Sale and Purchase Agreement**" means the sale and purchase agreement entered into between the Company, the Nominated Broker and the Administrators dated 28 March 2024.

SCHEDULE 3

Client Money Distribution Procedure

In this Schedule:

Any expression not defined herein has the meaning defined in the Order or, as applicable, in CASS 7 and CASS 7A and other provisions of the FCA's Handbook including the Glossary thereto as at 22 April 2024.

Claiming for a client money entitlement

1.—(1) A person claiming to have a client money entitlement (a "**Client Money Claimant**") and wishing to recover their client money entitlement in whole or in part must (subject to any order of the Court to the contrary) submit or have submitted their claim in writing to the Administrators; and they may do so or have done so by way of a Claim Submission.

(2) A Client Money Claimant is referred to as "**proving**" for their client money entitlement and a document by which a Client Money Claimant seeks to establish their claim is their "**client money proof**".

(3) Subject to the next sub-paragraph, a client money proof must take the form of a Claim Submission and must contain sufficient information to enable the Administrators to reach a decision on the admissibility of the claim.

(4) The Administrators may call for any document or other evidence to be produced, where they think it necessary for the purpose of adjudicating on the whole or any part of the client money proof.

(5) Any client money proof submitted prior to the Soft Bar Date (as extended pursuant to paragraph 9(a) of Order above) by way of a Claim Submission and which has been accepted by the Administrators shall be deemed a client money proof submitted prior to the Soft Bar Date.

Costs of proving

2. Unless the Court otherwise orders—

(a) every Client Money Claimant shall bear the cost of proving their own entitlement, including costs incurred in providing documents or evidence under Rule 1; and

(b) costs incurred by the Company and by the Administrators in assessing a Client Money Claimant's client money entitlement, including the costs of and occasioned by any appeal under Rule 4, are payable from the Client Money Trust as costs properly attributable to the distribution of the Client Money Trust (without prejudice to any right the Company and/or the Administrators may have to recover their costs of an appeal from the Client Money Claimant in such appeal).

Admission and rejection of client money proofs

3.–(1) The Administrators may admit a client money proof either for the whole amount claimed, or for part of that amount. Where a client money proof has not already been agreed as at the date of this Order, the Administrators shall notify clients of the amount of the proof admitted either by individual notice where practicable or by website publication (at <https://www.leonardcurtis.co.uk/case/blankstone>) using anonymised client identifiers.

(2) If the Administrators reject a client money proof in whole or in part on or after the date of the Order, the Administrators shall prepare a written statement of reasons for doing so, and send it as soon as reasonably practicable to the Client Money Claimant.

(3) If the Administrators had rejected a client money proof in whole or in part and sent such a statement prior to the date of the Order, the Administrators shall send a notice to the Client Money Claimant confirming that statement.

Appeal against decision on proof

4.–(1) If a Client Money Claimant is dissatisfied with the Administrators' decision with respect to their client money proof, that Client Money Claimant may apply to the Court for the decision to be reversed or varied. Any such application must be made pursuant to Chapter 5 of Part 9 of The Investment Bank Special Administration (England and Wales) Rules 2011, in the Company's special administration proceedings, using the form of application notice appended to this Client Money Distribution Procedure ("**Form 1**").

(2) An application under sub-paragraph (1) must be filed with the Court within 21 days of the Client Money Claimant receiving the statement under Rule 3(2) or the notice under Rule 3(3) above, as applicable.

(3) A Client Money Claimant who files an application under sub-paragraph (1) above must forthwith give notice in writing to the Administrators of the filing of that application.

(4) Where application is made to the Court under this Rule, the Court shall fix a venue for the application to be heard, notice of which shall be sent by the applicant to the Administrators.

(5) Neither the Company nor the Administrators shall be personally liable for costs incurred by a Client Money Claimant or any other person in respect of an application under this Rule unless the Court otherwise orders.

Variation of proof

5. A Client Money Claimant's client money proof may at any time, by agreement with the Administrators, be varied as to the amount claimed.

Notice of proposed distribution

6. Where the Administrators propose to make a distribution to clients or a transfer of client money, the Administrators shall give notice of that fact.

Provision and late claims

7.-(1) Unless the Administrators have already dealt with them, the Administrators shall—

(a) admit or reject (in whole or in part) client money proofs that have been submitted;
or

(b) make such provision in respect of them as they think fit.

(2) The Administrators are not obliged to deal with client money proofs lodged after the last date for proving, but may do so if they think fit.

Postponement or cancellation of distribution

8. If the Administrators consider that by reason of the size of the provision required to be made in respect of any unresolved Client Money Claim or for any other reason that it is expedient to do so, the Administrators may cancel or postpone the proposed distribution or transfer.

Payment of distributions and related matters

9.-(1) The Administrators are not obliged to make provision for Client Money entitlements in any circumstances other than those described at Rule 7(1)(b) above and Rule 11(1)

below; but the Administrators may, in their absolute discretion, make provision in other circumstances.

(2) Payment of distributions may be made by electronic bank transfer or by any other means agreed between the Administrators and the Client Money Claimant.

Client money entitlement established, increased or reduced after payment of distribution

10.—(1) If, after payment of a distribution or any transfer of Client Money, any Client Money Claimant subsequently establishes a Client Money entitlement, or an increased Client Money entitlement, in either case for which the Administrators did not make provision under Rule 9, the Client Money Claimant is not entitled to disturb the distribution or transfer; but is entitled to be paid, out of any Client Money for the time being available for the payment of any further distribution or transfer, any distribution which the Client Money Claimant has failed to receive.

(2) Any distribution payable under sub-paragraph (1) shall be paid before the Client Money there referred to is applied to the payment of any such further distribution or transfer.

(3) If, after a client's client money proof has been admitted, the amount of the client money proof is reduced, the Administrators have liberty to apply to the Court for an order that the client is liable to repay to the Administrators (for the benefit of the Client Money Trust) any amount overpaid by way of distribution together with interest.

Client money balances in the records of the Company for which no claim is submitted

11.—(1) Where the Company has a record of a Client Money balance with respect to a client who has not submitted a client money proof, the Administrators may in their sole and absolute discretion make provision as if that client has a Client Money entitlement equal to their Client Money balance.

(2) The Administrators shall be entitled to apply for directions with respect to any provision made in accordance with sub-paragraph (1) above, and, in default of any further directions applied for, paragraph 9 of the Order shall govern the treatment of such money.

(3) Subject to any provision or any application for directions pursuant to sub-paragraphs (1) and (2) above which the Administrators may make, the Administrators are entitled to transfer Client Money in respect of any client money entitlement which the Administrators

accept based on the Company's books and records notwithstanding that the client or clients in question have failed to submit a client money proof.

Notices

12.—(1) Any notice or statement to be sent by the Administrators to a Client Money Claimant may be sent by email, fax and/or post and shall be deemed to have been received by the Client Money Claimant:

(a) if sent by first class post to an address within the UK, 2 business days after posting;

(b) if sent by airmail post to an address not within the UK, 5 business days after posting;

(c) if sent by fax or email before 5 pm London time on a business day, on that business day; and

(d) if sent by fax or email on a day that is not a business day or after 5 pm London time on a business day, on the next following business day.

(2) For the purposes of sending notices or statements to a Client Money Claimant, the Administrators shall use the primary email address, fax number and/or address recorded on the Company customer information system.

(3) Any notices or legal proceedings to be sent to or served on the Company or the Administrators must be emailed to blankstone@leonardcurtis.co.uk with a hard copy delivered for the attention of the Administrators to: Blankstone Sington Limited (in special administration), Riverside House, Irwell Street, Manchester, M3 5EN.

FORM 1

Appeal Against Rejection of Client Money Proof

Rule 4 of the
Client Money
Distribution
Procedure

**IN THE MATTER OF THE INVESTMENT BANK
SPECIAL ADMINISTRATION REGULATIONS 2011**

Form 1

Application Notice

**Blankstone Sington Limited (in special
administration)**

Company number: **02378144**

**IN THE HIGH COURT OF JUSTICE,
BUSINESS AND PROPERTY COURTS OF
ENGLAND AND WALES (ChD)**

For court use only

Court case number: **CR-2023-
005672**

Appeal against the rejection of a client money proof pursuant to Rule 4 of the Client Money Distribution Procedure prescribed by the Order of [●] dated [●] May 2024.

Between Applicant

and

Respondents

**(1) BLANKSTONE SINGTON LIMITED
(IN SPECIAL ADMINISTRATION)**

(as trustee of the Client Money)

(2) ANDREW POXON

(3) HILARY PASCOE

(4) ALEX DAVID CADWALLADER

(as Administrators of Blankstone Sington
Limited (in special administration))

This application is made pursuant to The Investment Bank Special Administration (England and Wales) Rules 2011, in accordance with Rule

4 of the Client Money Distribution Procedure prescribed by the Order of [●] dated [●] May 2024.

The application shall be governed by the Client Money Distribution Procedure and the Court shall give directions for the determination of this application in accordance with that procedure and, as appropriate, Chapter 5 of Part 9 of The Investment Bank Special Administration (England and Wales) Rules 2011.

(a) Insert name of applicant appealing the rejection of the client money proof

The Applicant (a)

(b) Insert address of the applicant and / or solicitor for the applicant

whose address is (b)

For Office use

intends to apply to the Judge on:-

Date: _____
hours

Time: _____

Place: _____

(c) State clearly what order you are seeking

for an order that (c)

(d) Briefly set out why you are seeking the order and what evidence you rely on

for the following reasons (d)

The Applicant appends to this application a copy of: (1) its client money proof; and (2) the notice of rejection of that proof.

Date:

Signed:

[SOLICITOR FOR THE] APPLICANT