

## **Beaufort Asset Clearing Services Limited - In Default - Agency Capacity**

### **Default Completion Report to the Financial Conduct Authority**

1. This Default Completion Report is made by the London Stock Exchange (“the Exchange”) to the Financial Conduct Authority in respect of the default by Beaufort Asset Clearing Services Limited (“Beaufort Asset Clearing”). Beaufort Asset Clearing was declared a defaulter at 09:30 hours on 9 March 2018.
2. The Exchange published one Stock Exchange Notice which notified member firms and investors of the Exchange’s declaration of default. In addition, this Notice also provided guidance in respect of the Exchange’s default processes:
  - N01/18 - Declaration of Default – Beaufort Asset Clearing Services Limited

This is available at <https://www.londonstockexchange.com/resources/london-stock-exchange-notices>

3. Prior to the declaration of default, Beaufort Asset Clearing had the ability to trade in an agency capacity only on the Exchange. The Exchange requested data from Beaufort Asset Clearing and member firm counterparties in respect of all unsettled relevant agency contracts to which Beaufort Asset Clearing was a party at the time of the declaration of default.
4. Unsettled trade data was ultimately obtained from:
  - the Exchange’s trade report records;
  - Beaufort Asset Clearing’s trade records;
  - the records of unsettled trades in the UK’s central securities depository, CREST operated by Euroclear UK and Ireland (EUI) Ltd; and
  - the trade records of member firm counterparties.

### **Agency Contracts**

5. As a result of the data reconciliation process, and in accordance with the Exchange’s default rules, the Exchange issued Settlement Directions to 15 member firm market counterparties in respect of 155 Beaufort Asset Clearing clients. In the Settlement Directions the Exchange provided market counterparties with the details of 350 unsettled on Exchange trades and 106 unsettled on Exchange corporate action claims. Copies were sent to the Special Administrators. The Settlement Directions included the identity and





contact details of each underlying client of Beaufort Asset Clearing with whom they were required to settle under the Exchange's default rules.

**Principal Contract**

6. The Exchange processed one unsettled market contract as a relevant principal contract in accordance with the default rules which resulted in a Net Amount Certificate being issued and, in accordance with section 162(1) of the Companies Act 1989 ("the Act"), the relevant amount is stated in the table at Annex 1 to this Default Completion Report.

**Completion of default procedures**

7. The Exchange confirms that, having issued the Settlement Directions in respect of Beaufort Asset Clearing's agency market contracts and issuing the Net Amount Certificate in respect of the unsettled principal market contract, it has now completed proceedings under its default rules in respect of this default.
8. The Exchange also confirms that, in accordance with section 162(3) of the Act, a copy of this Default Completion Report has been supplied to the Special Administrators (acting on behalf of Beaufort Asset Clearing).

Signed:.....

Date:.....18/12/2020.....

**Liam Smith, Default Official, London Stock Exchange**

