



Ferrier
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**Halifax New Zealand Limited (Administrators
Appointed) (the Company)** Company Number 2130897

Watershed Meeting

22 March 2019



CHAIRMAN'S INTRODUCTION

Chairman's introduction

- Administrators: **Morgan Kelly, Stewart McCallum and Phil Quinlan**
- Appointed on **23 November 2018** over Halifax Investment Services Pty Ltd
(Administrators Appointed) ("**Halifax AU**")
- Appointed **27 November 2018** over Halifax New Zealand Limited (Administrators Appointed) ("**Halifax NZ**")
- **Chapman Tripp** acting as the Administrators' Lawyers
- **Live webcast** where creditors can view and hear the creditors meeting remotely
- Administrators obtained from the Court a **90 day extension** of the convening period to
29 March 2019

Chairman's introduction

Chairperson

- Pursuant to **s239AK(3)** of the Companies Act Morgan Kelly to act as Chairman
- Opportunity to **ask questions** later on
- A copy of the Administrator's report was lodged with the Registrar of Companies on 21 March 2019.

Chairman's introduction

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General Housekeeping



MOBILE PHONES

Please turn off mobile phones during the meeting



YELLOW ATTENDANCE CARD

Only individuals holding a yellow card can ask questions.



WEBCAST

Only creditors that have lodged a proof of debt or proxy can ask questions via webcast. Please include your User ID (if investor), full name and or the person you are acting as proxy for. **As previously advised, you are not able to vote on the webcast.**



QUESTIONS

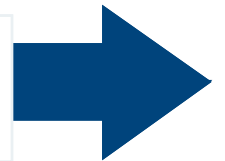
Questions will be asked at a later time. Please clearly outline your **card number, name and details (including your User ID)** prior to asking the question.

Chairman's introduction

Agenda

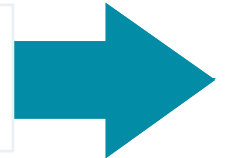
1

Procedural matters



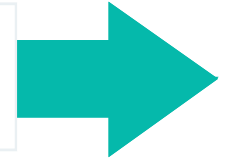
2

Report Summary



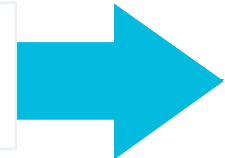
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Action taken by the Administrators



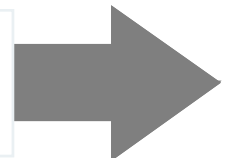
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Investigation results



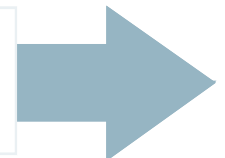
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Halifax AU Second Creditors Meeting



6

Administrators' Remuneration

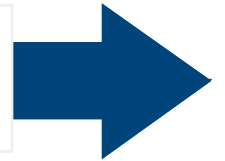


Chairman's introduction

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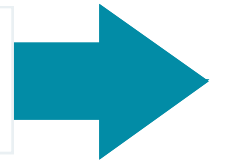
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Statement by Director



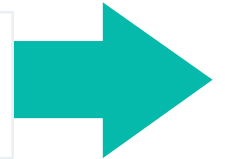
8

Questions



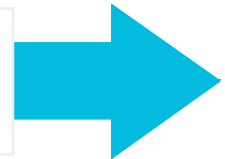
9

Resolutions



10

Closure of meeting





1. PROCEDURAL MATTERS

1 Procedural matters

Formal items

- 1 Present at the meeting by proxy submitted to Link Market Services (as at 3:50PM, 20 March 2019):

Proxy holder	No. of proxies (special & general proxies)
Chairperson	32
Other	1
Invalid proxy	1
Total	34

- 2 Quorum

- 3 Notice of meeting

1 Procedural matters

4

Convening the meeting

5

Outcome of the first meeting of creditors

6

Purpose of the meeting

7

Admission of proxies

8

Tabling of documents

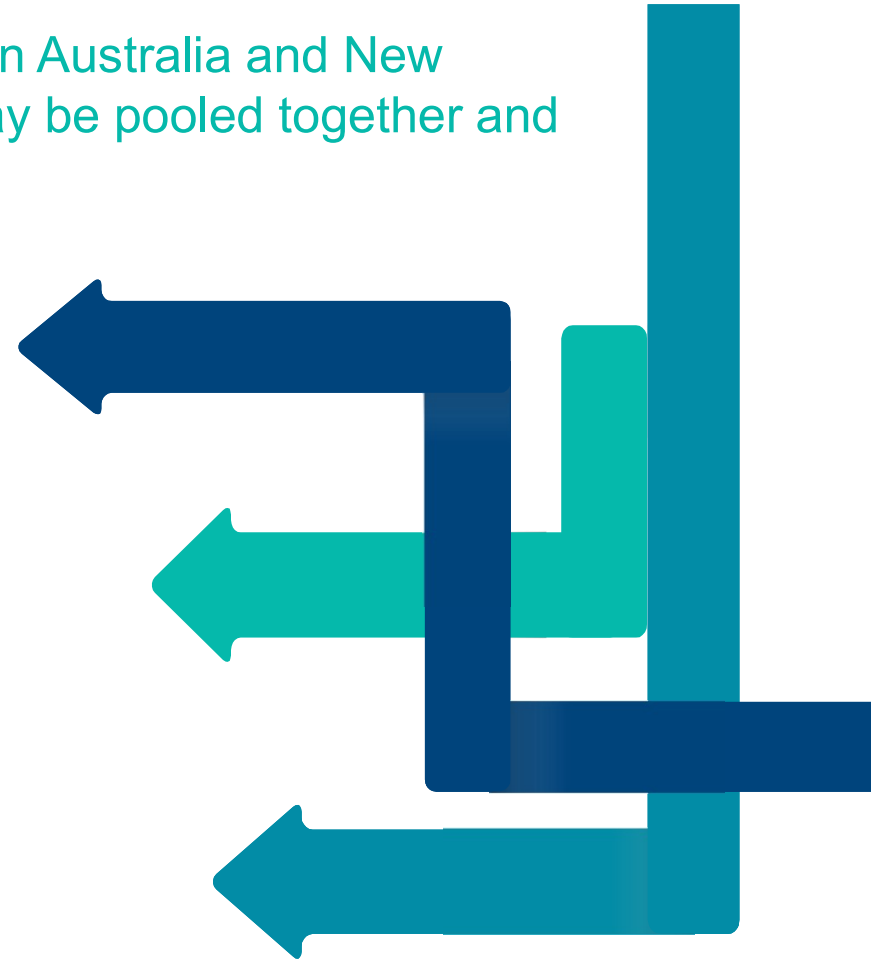
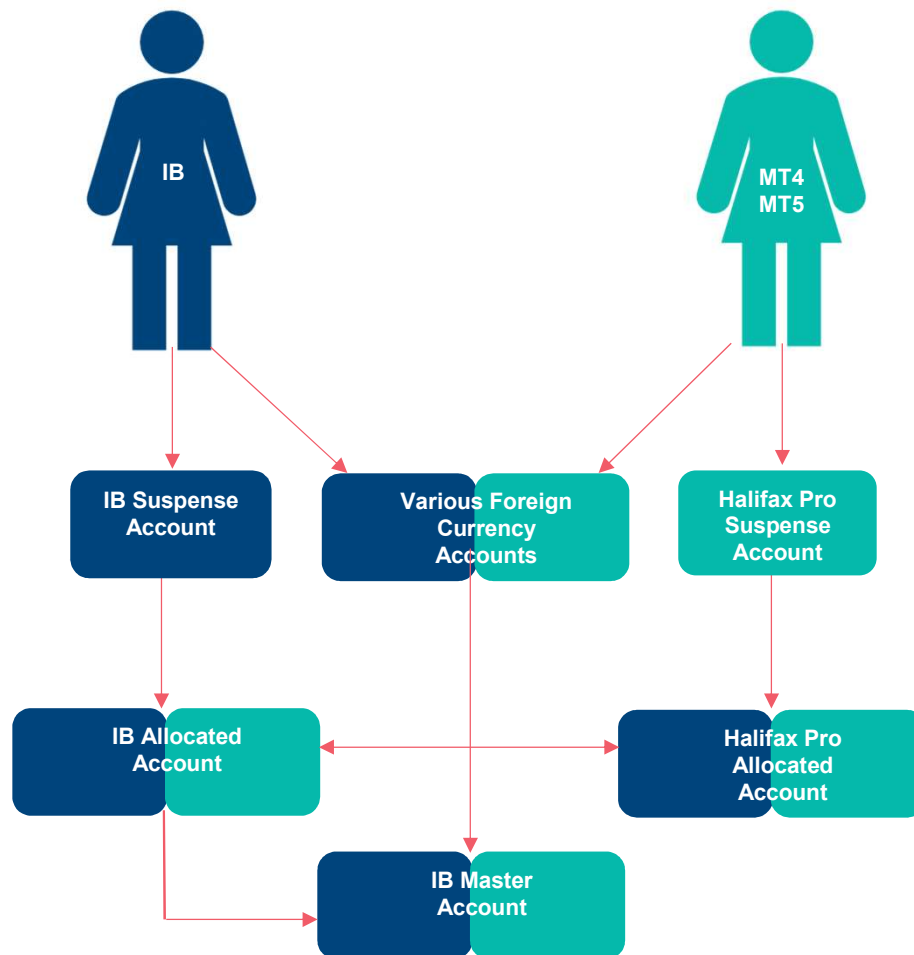


2. REPORT SUMMARY

2 Report summary

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Co-mingling of client monies across all platforms in Australia and New Zealand. Subject to Court directions, investors may be pooled together and receive a dividend of c. 85 to 95 cents



2 Report summary

Investors are both beneficiary and unsecured creditors to the extent that there is a shortfall in trust assets

Platform	CSA	Beneficiary creditor of	Unsecured creditor of
Halifax IB	Halifax AU	Halifax AU ●	Halifax AU ●
Halifax IB	Halifax NZ	Halifax AU ●	Halifax NZ ●
Halifax NZ IB	Halifax AU	Halifax NZ ●	Halifax AU ●
Halifax NZ IB	Halifax NZ	Halifax NZ ●	Halifax NZ ●
MT4	Halifax AU	Halifax AU ●	Halifax AU ●
MT4	Halifax NZ	Halifax AU ●	Halifax NZ ●
MT5	Halifax AU	Halifax AU ●	Halifax AU ●
MT5	Halifax NZ	Halifax AU ●	Halifax NZ ●

● Halifax AU

● Halifax NZ

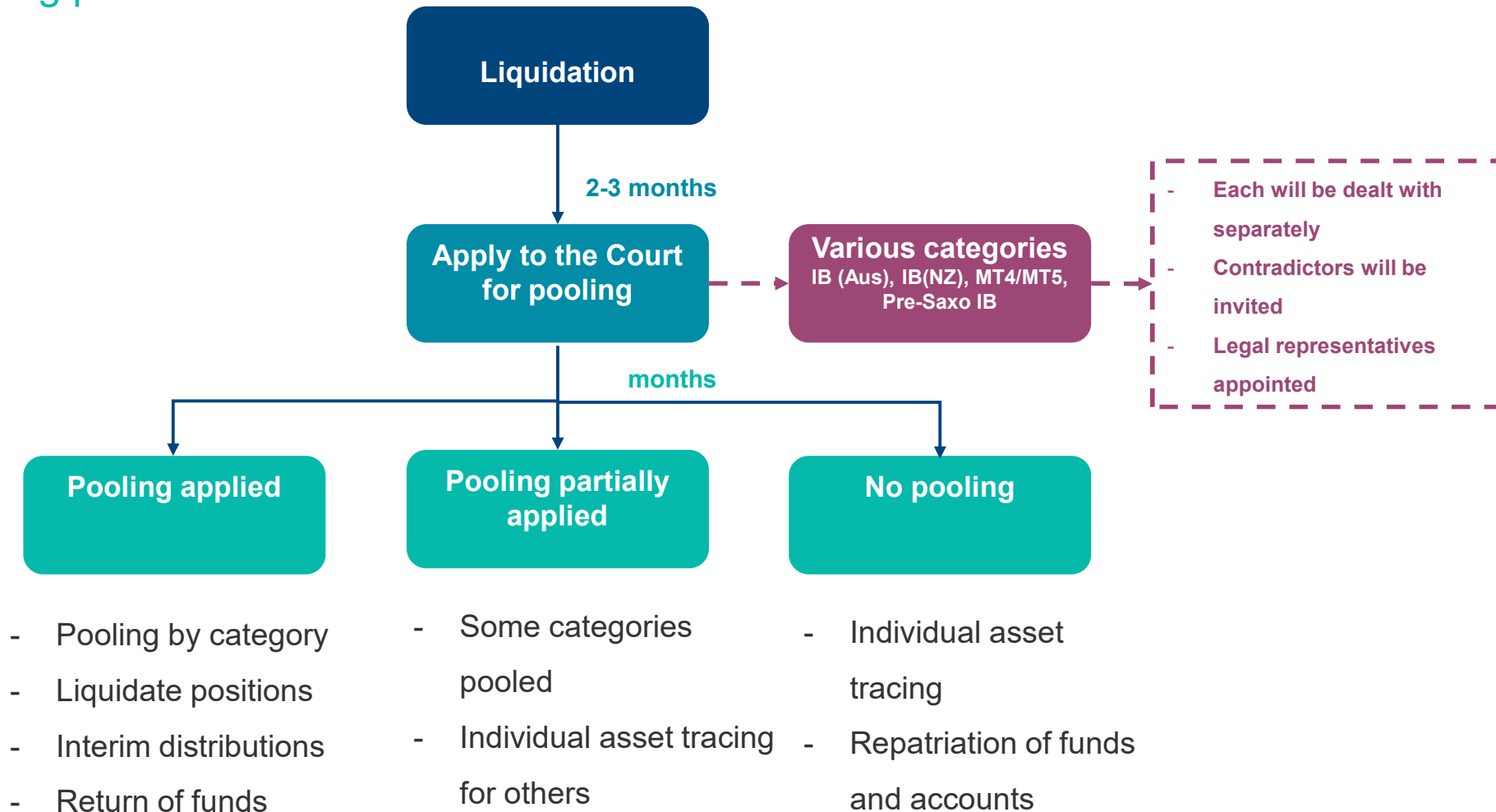
2 Report summary

A Deed of Company Arrangement (DOCA) is not feasible as:

- Investors of Halifax AU and Halifax NZ are both **trust beneficiaries** for the amount that is held **on trust** for them in the relevant entity and unsecured creditors in the relevant entity for any shortfall.
- A DOCA **cannot bind trust creditors** and purport to deal with trust assets.
- Court to provide **direction** on how to deal with **trust assets**, given the deficiency

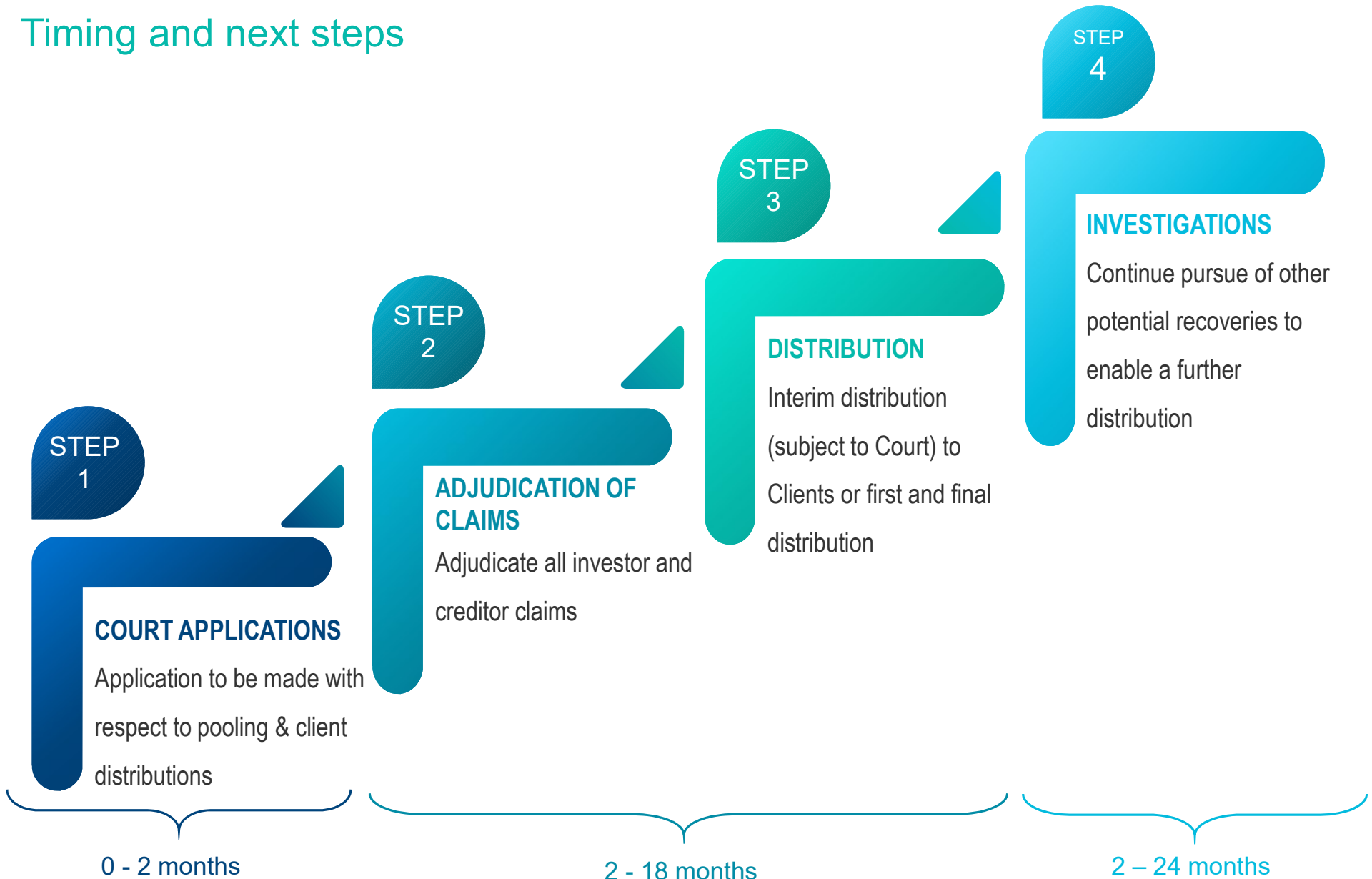
2 Report summary

Pooling process



2 Report summary

Timing and next steps












3. ACTION TAKEN BY THE ADMINISTRATORS

3 Action taken by the Administrators

Action taken by the Administrators since the First Meeting of Creditors

-  A high-level review of over 10,000 transactions between accounts operated by Halifax AU and Halifax NZ
-  Investigations in relation to the quantum of the deficiency in Client funds as at the date of appointment to Halifax AU (23 November 2018)
-  Investigated the circumstances surrounding the estimated deficiency
-  Determined the effect of Client Monies being co-mingled
-  Investigations in relation to the solvency of Halifax AU and its effect on Halifax NZ
-  Investigations of possible antecedent transactions entered into by Halifax AU and the potential misuse of Client Monies
-  Continued investigations in relation to the funds flow and co-mingling of investor monies

3 Action taken by the Administrators

- ✓ Accessed Company funds of \$1.1M to meet ongoing Administration expenses
- ✓ Analysis of position of Halifax NZ Investors in terms of tainted funds
- ✓ Reconstructed the financial statements of Halifax AU to determine its date of insolvency
- ✓ Attended to ongoing trading and cash flow management issues
- ✓ Held discussions with a number of parties in relation to a potential DOCA
- ✓ Prepared regular updates to the Frequently Asked Questions document published on the Administrators' website
- ✓ Ongoing liaison with FMA in relation to the status of our investigation
- ✓ Investigation of conduct by the Halifax AU Director and Halifax AU Former Director in relation to the use of Section 981B Halifax AU trust accounts



4. INVESTIGATION RESULTS

4 Investigation results

1

The deficiency in investor funds as at 23 November 2018 is estimated to be **\$19.7m** principally comprised of **trading losses** of approximately **\$14.3m**

2

Halifax NZ became **insolvent** upon the **appointment of Administrators** to Halifax AU

3

Halifax AU may have been **insolvent** from at least **1 January 2017**

4

No antecedent transactions were identified in **Halifax NZ**

Potential antecedent transactions entered into **by Halifax AU** were identified and **totalled \$4.8 million.**

5

Potential **breaches** of Director Duties (including **Client Money Rules**) in **Halifax AU**



5. HALIFAX AU

SECOND CREDITORS MEETING

5 Halifax AU Second Creditors Meeting

Resolutions passed

- a. That the Company be wound up (placed into Liquidation). Morgan Kelly, Phil Quinlan and Stewart McCallum were appointed liquidators to Halifax AU.
- b. To appoint a Committee of Inspection and its members for the Liquidation
- c. No objections to the Administrators' fees or internal disbursements



6. ADMINISTRATORS' REMUNERATION

6 Administrators' Remuneration

Position	Rate (ex GST) \$/Hour	Total		Investigation		Investors and Creditors		Operations		Assets		Employees		Administration	
		Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Partner	695	96.7	67,207	18	12,441	37	25,577	15	10,425	2	696	-	278	26	18,140
Executive Director	650	215.2	139,880	41	26,455	38	24,830	127	82,290	4	2,795	1	780	4	2,730
Director	625	20.8	13,000	12	7,438	4	2,750	-	188	1	875	-	-	2	1,750
Senior Manager	575	36.7	21,103	-	-	22	12,593	2	1,323	1	345	-	58	12	6,785
Manager	525	166.2	87,255	27	14,070	59	31,028	57	29,926	7	3,780	1	263	15	8,190
Senior Analyst	425	216.0	91,800	21	8,841	132	56,100	19	8,203	9	3,613	6	2,550	29	12,496
Analyst	375	10.5	3,938	-	-	-	-	-	-	-	-	-	-	11	3,938
Accountant	325	28.6	9,295	3	845	-	195	8	2,665	1	423	-	65	16	5,103
Totals (AUD)		790.7	433,477	122	70,090	292	153,073	228	135,020	25	12,527	8	3,994	115	59,132
Totals (NZD)			455,500		73,284		160,848		141,877		13,161		4,196		62,134



7. STATEMENT BY THE DIRECTOR

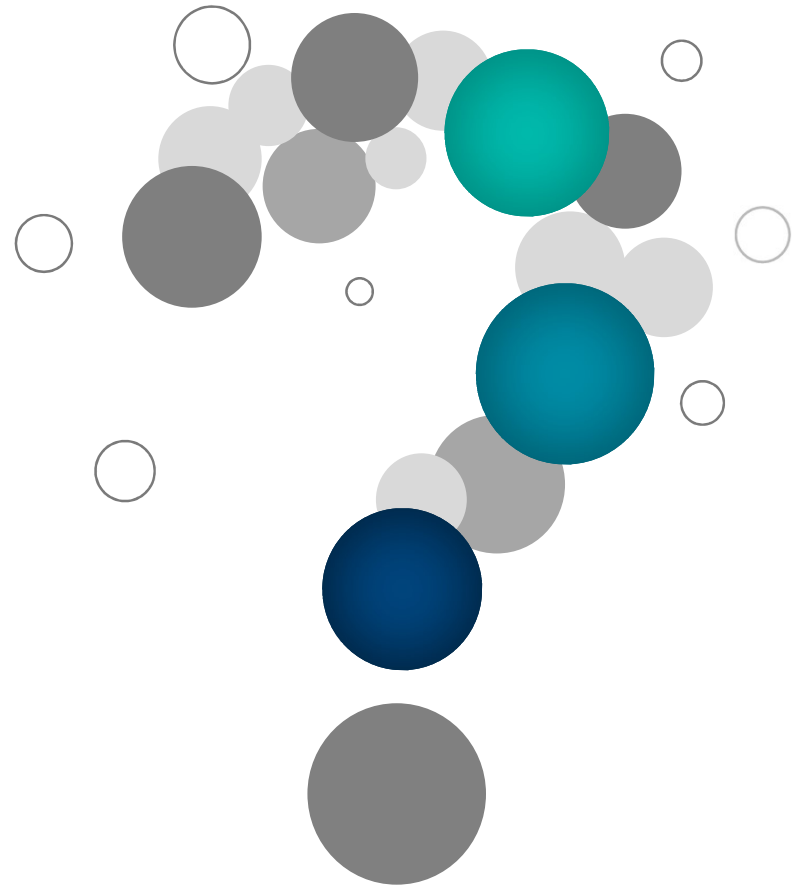


8. QUESTIONS

8 Frequently Asked Questions (FAQs)

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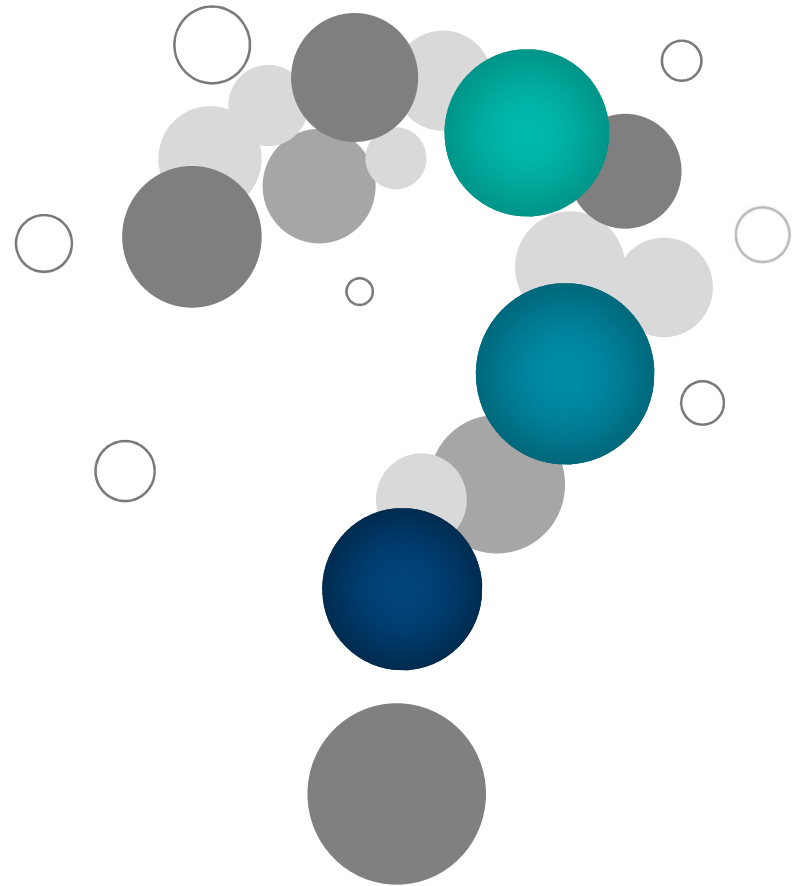
Common questions asked



8 Frequently Asked Questions (FAQs)

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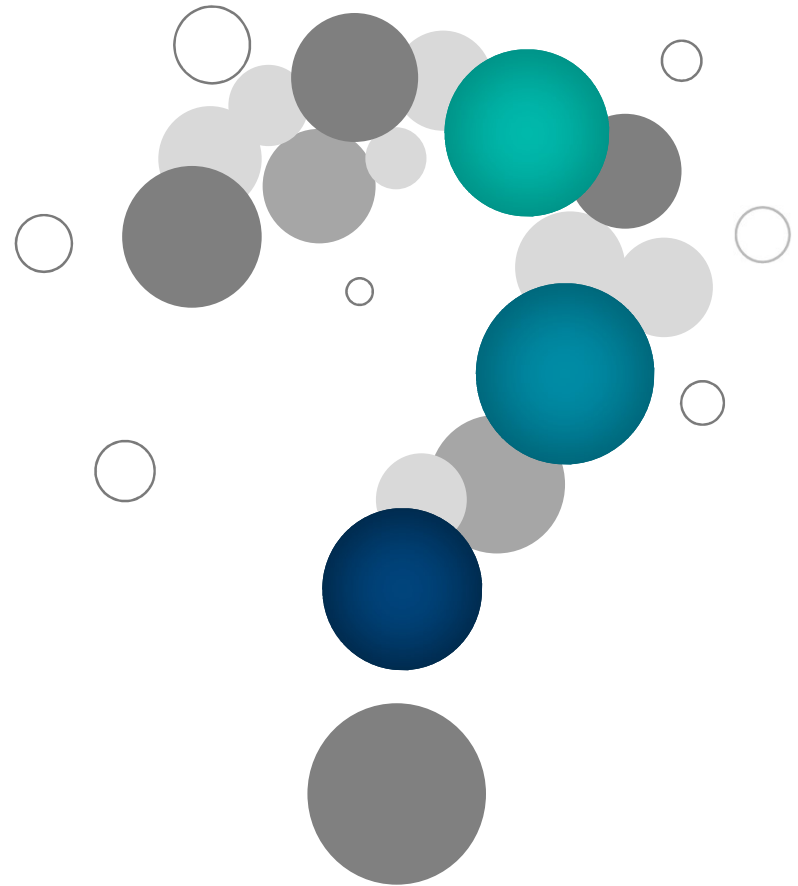
Questions from the floor



8 Frequently Asked Questions (FAQs)

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Questions via webcast





9. RESOLUTIONS

9 Resolutions

That the Company be placed into Liquidation

- Creditors to resolve pursuant to Section 239 ABA, that the Company be **placed into**

Liquidation

- Summary of proxies submitted to Link Market Services (as at 3:50 PM, 20 March

2019):

Proxy holder	For	Against	Abstain	Open
Chairperson	24	2	5	1
Other	1	-	-	-
Total	25	2	5	1

9 Resolutions

That the Administration end and control of the company be returned to the director

- Creditors to resolve pursuant to Section 239 ABA, that the Administration end and control of the Company be returned to the Director
- Summary of proxies submitted to Link Market Services (as at 3:50PM, 20 March 2019):

Proxy holder	For	Against	Abstain	Open
Chairperson	3	19	5	5
Other	-	-	1	-
Total	3	19	6	5

9 Resolutions

Creditors Committee (CC)

- The CC is **voluntary** and are not paid
- It is used as a **consultative advisory board** and is elected to represent the **interests of all creditors**
- **Consult** with and receive reports from the Liquidators
- Assist the Administrators as a **“sounding board”** for proposals
- **Approve** the Liquidators’ remuneration

9 Resolutions

Creditors Committee

Name
Kevin Chen
Jens Claassen
Darren Coyne
Alexander Kiechle-Cornish
Lynley Lee
Carl Sayers
Ashley Arrowsmith
Nina Jensen
Xian Dahlberg
Muni Goundar
Sean McCarthy
Sirshen Naik
Jaroslav Dobrowolski
Yongcheng Duan
Neville Garda



10. CLOSURE OF MEETING

10 Closure of meeting

— Final questions

— Next steps

- Court applications on **pooling** and client distributions
- Continuing investigations into Halifax AU regarding **potential breaches** of **Client**

Money Rules

- Continuing investigations into Halifax AU regarding potential **antecedent transactions, insolvent trading**
- Claim against **insurance policies**

— Thank you for your attendance