

Appendix 1

LCF Compensation Scheme

1.1 Automatic Subrogation

App 1.1.1 **G** The following rules in **COMP 7.3** and associated definitions apply in connection with the exercise by the *FSCS* of functions in respect of the *LCF Compensation Scheme* with the modifications shown below (new wording is underlined and deleted wording is struck through):

- (1) **COMP 7.3.4R**
- (1) Any power conferred on the *FSCS* to make determinations under ~~this section~~ modified COMP 7.3.8R is exercisable in writing.
 - (2) An instrument by which the *FSCS* makes the determination must specify the provision under which it is made, the date and time from which it takes effect and the ~~relevant person (or, where applicable, a successor) and protected claims, parts of protected claims and/or classes of protected claims~~ claims under the LCF Compensation Scheme in respect of which it applies.
 - (3) The *FSCS* must take appropriate steps to publish the determination as soon as possible after it is made. ~~Such publication must be accompanied by a statement explaining the effect of COMP 7.4.2R.~~
 - (4) Failure to comply with any requirement in this *rule* does not affect the validity of the determination.
 - (5) A determination by the *FSCS* under ~~this section~~ modified COMP 7.3.8R may be amended, remade or revoked at any time and subject to the same conditions.

**(2) COMP
7.3.5R**

- (1) The production of a copy of a determination purporting to be made by the *FSCS* under ~~this section~~ modified COMP 7.3.8R:
- (a) on which is endorsed a certificate, signed by a member of the *FSCS*'s staff authorised by it for that purpose; and
 - (b) which contains the required statements;
- is evidence (or in Scotland sufficient evidence) of the facts stated in the certificate.
- (2) The required statements are:
- (a) that the determination was made by the *FSCS*; and
 - (b) that the copy is a true copy of the determination.
- (3) A certificate purporting to be signed as mentioned in (1) is to be taken to have been properly signed unless the contrary is shown.
- (4) A *person* who wishes in any legal proceedings to rely on a determination may require the *FSCS* to endorse a copy of determination with a certificate of the kind mentioned in (1).

**(3) COMP
7.3.8R**

The *FSCS* may determine that:

- (1) The payment of compensation by the *FSCS* under the LCF Compensation Scheme;
- (2) [deleted]

shall have the following effects:

- (3) the *FSCS* shall immediately and automatically be subrogated, subject to such conditions as the *FSCS* determines are appropriate, to all or any part (as determined by the *FSCS*) of the rights and claims in the *United Kingdom* and elsewhere of the ~~claimant bondholder~~ against ~~the relevant person (or, where applicable, a successor)~~ London Capital & Finance plc and/or any third party ~~(except the FCA)~~ (whether such rights are legal, equitable or of any other nature whatsoever and in whatever capacity ~~the relevant person (or, where applicable, a successor)~~ London Capital & Finance plc or relevant third party is acting) in respect of or arising out of the ~~claim~~ claim in respect of which the payment of or on account of compensation was made;

- (4) the *FSCS* may claim and take legal action or any other proceedings or steps in the *United Kingdom* or elsewhere to enforce such rights in its own name or in the name of, and on behalf of, the claimant *bondholder*, or in both names against the *relevant person* (or, where applicable, a *successor*) London Capital & Finance plc and/or any relevant third party;
- (5) the subrogated rights and claims conferred on the *FSCS* shall be rights of recovery and claims against the *relevant person* (or, where applicable, a *successor*) London Capital & Finance plc and/or any relevant third party which are equivalent (including as to amount and priority and whether and whether or not the *relevant person* (or, where applicable, a *successor*) London Capital & Finance plc and/or any relevant third party is insolvent) to and do not exceed the rights and claims that the claimant *bondholder* would have had; ~~and/or.~~

1.2 Payments to Her Majesty's Treasury

App 1.2.1 **G** Where, after the *FSCS* has paid compensation to a *bondholder* under the *LCF Compensation Scheme*, the *FSCS* subsequently determines that the conditions in **COMP 3.2.1R** are satisfied in relation to a *protected claim* against London Capital & Finance plc and/or a third party, the following rule in **COMP 11.2** applies with the modifications shown below (new wording is underlined and deleted wording is struck through):

COMP
11.2.1AR

If the *FSCS* determines that compensation is payable (or any recovery or other amount is payable by the *FSCS* to the claimant) to a *bondholder* under the *compensation scheme*, it must pay it to the claimant, or if the *FSCS* so decides, as

~~directed by the claimant, unless COMP 11.2.2R or COMP 11.2.2AR apply.:~~

- (1) such compensation to Her Majesty's Treasury up to the amount paid to the *bondholder* under the *LCF Compensation Scheme*; and
- (2) any excess after (1), to the *bondholder*, up to the limits on maximum compensation sums payable by the *FSCS* under the *compensation scheme* as set out in *COMP 10.2.3R*.

Note: Under Part 15A of the *Act*, Her Majesty's Treasury may, by notice, require the *FSCS* to exercise specified functions in respect of specified claims for compensation

1

under a scheme or arrangement established for the payment of compensation to customers of persons who provide financial services or carry on a business connected with the provision of such services. The *FCA* may by rules make provision in connection with the exercise by the *FSCS* of functions in respect of such a scheme and apply any provision of the *compensation scheme* to it with or without modification. This Appendix sets out the *FCA's* rules, as modified, that apply where the *FSCS* exercises its functions in respect of the *LCF Compensation Scheme*.

The *LCF Compensation Scheme* is administered in accordance with the LCF Compensation Scheme Rules. These rules, and more information, are available at <https://www.gov.uk/lcfcompensationscheme>.