

Futex administrator finds £4.7m shortfall in accounts

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The administrators of defunct prop trading firm Futex reported on Friday a £4.7 million shortfall between the money held in the firm's clearing account and the cash owed to creditors including former Futex traders.

The report, from Futex administrators Cork Gully, named nearly 60 claimants in the case, which arose following an injunction by one of the firm's trader which led to the collapse of the company.

The administrators report said: "We note that as at the date of the injunction, the total owed to traders (approximately £5.5m) exceeded the total held in the company's Marex Accounts (approximately £800k) by circa £4.7m."

Prop trading firms like Futex hold an account at a clearing firm and post margin on the aggregate positions of their traders with the clearing member.

The clearing member, which was British broker Marex in the case of Futex, has no responsibility for funds posted by the individual traders outside the trading firm's account held with them.

The administrator said it has not yet identified the reasons behind the shortfall, adding in its report: "The administrators will investigate when the company became insolvent and the reasons why this shortfall between the balance held with Marex and the total due to traders was allowed to increase without any action being taken by the directors [of Independent Derivative Traders] or traders being informed."

The administrators named nearly 60 parties as claimants, including individual traders and companies such as CQG, Interactive Data and Dow Jones.

The biggest claimant is Mike Reddish who is listed with claims worth £1.25 million, followed by trader Sven Beckmann with £935,791, and Clair Rossi – a manager shareholder of the holding firm -- at £779,657.

Cork Gully said in its statement of proposals on Friday: "Following the company's refusal to transfer funds to him from his sub-accounts with Marex. This effectively froze the company's trading activities as it could no longer offer access to the trading platform."

Cork Gully said there is also an ongoing dispute over who owns the money held in the accounts with Marex.

"If the court directs that the monies in the company's Marex Accounts are or should be treated as beneficially owned by the traders, they will be apportioned between those traders with credit balances (less any deduction permitted by the court to cover the administrators' costs) and will not be available for the company's creditors," said the administrators on Friday, adding this is unlikely to be resolved until Autumn 2016 "at the very earliest."

A spokesperson for Marex Spectron declined to comment on the case on Friday.

As of June 3 – the day Cork Gully was appointed – the administrators said £45,036 was held in the firm's bank account. This cash balance has now been transferred to Cork Gully.

[As reported by FOW last month](#), Cork Gully said that it had not received an offer to buy the trading firm less than a month after it was appointed to manage the defunct business.

Futex holding company Independent Derivative Traders [appointed administrators Cork Gully early last month following an injunction by one of its traders](#).

Independent Derivative Traders has investments in a number of other Futex-branded companies, including training division Futex Live, none of which are understood to be in administration currently.

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