

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

FSD NO. 165 of 2012 (AEFJ)

IN THE MATTER OF THE COMPANIES LAW

AND IN THE MATTER OF JP SPC 1 (THE "COMPANY")

**AND IN THE MATTER OF THE AXIOM LEGAL FINANCING FUND (IN
RECEIVERSHIP) (THE "PORTFOLIO"), A SEGREGATED PORTFOLIO OF THE
COMPANY**



ORDER

UPON HEARING Counsel for the Receivers of the Portfolio and Counsel for the Cayman Islands Monetary Authority ("CIMA")

AND UPON the Receivers' Summonses dated 8 March 2013 and 24 May 2013

AND UPON reading the Third Affidavit of Michael Edward George Saville sworn on 24 May 2013

AND UPON the Receivers filing at Court and serving upon CIMA an Interim Report into the Receivership (the "**Report**")

IT IS HEREBY ORDERED & DIRECTED that:-

1. The Receivers' remuneration for the period 12 February 2013 to 30 April 2013 in the amounts of
 - (a) US\$257,066.50 (the Receivers' Cayman Islands staff), and
 - (b) US\$9,137.50 (the Receivers' British Virgin Islands staff)

and expenses in the amount of US\$3,850.85 (Cayman Islands office) and £86.49 (UK office), are approved;

2. The maximum permitted number of members of the Receivership Committee of the Portfolio shall be increased from 7 to 8 and to that extent the Order of 13 March 2013 is amended;
3. The Receivers are permitted on an interim basis to continue the foreign currency hedging services contracted for by the Directors of JP SPC 1 in respect of the Portfolio, save that:
 - i. the Receivers shall be permitted to reduce the last stated Net Asset Value of each share class of the Portfolio by 50% for the purposes of such hedging contracts
 - ii. the direct costs and the Receivers' fees and expenses attributable to such hedging services shall be charged in the first instance as liabilities of share classes B – F of the Portfolio (*viz.* for the avoidance of doubt: those share classes which benefit from such hedging arrangements) in the relevant proportions and amounts and shall only be charged as liabilities of the Portfolio as a whole should the assets attributable to share classes B – F be insufficient to discharge those said costs, fees and expenses;
 - iii. at the first meeting of the Receivership Committee, the Receivers shall consult with the Receivership Committee as to whether such hedging arrangements should continue, whether in the manner set out at subparagraph i above or at all; and
 - iv. the Receivers shall have liberty to apply in respect of the said hedging services.
4. All subsequent and further applications by the Receivers for approval of their fees and expenses shall proceed in the manner and following the procedure as set out in the Protocol attached hereto at Appendix 1 ("the Protocol");



5. The Receivers shall formally report to and meet with Investors (as that term is defined in the Protocol) in the manner set out in the Protocol;
6. In respect of their remuneration from 1 May 2013 onwards, the Receivers are authorised to draw-down 80% of such remuneration in advance of its approval by the Court, providing that, in the event that the Court approves the Receivers' remuneration in a sum less than that drawn-down on account, any sums overpaid shall be repaid;
7. The Receivers shall further report to the Court and to CIMA by 16 November 2013 and shall apply for the listing of a hearing by 17 December 2013 for the approval of their fees and expenses incurred between 1 May and 31 October 2013;
8. The Third Affidavit of Mr Saville and the Report shall be sealed such that they may not be inspected on the Court file by any party or any other person save with the prior leave of the Court;
9. The Receivers shall, by their attorneys, file redacted copies of the said Third Affidavit of Mr Saville and of the Report on or before 18 June 2013; and
10. The Receivers' costs of this application shall be paid out of the assets of the Portfolio.

DATED this 30th day of May 2013

FILED this 12th day of June 2013



The Hon Mr Justice Angus Foster
JUDGE OF THE GRAND COURT



THIS ORDER was FILED by HARNEY WESTWOOD & RIEGELS, Attorneys-at-Law for the Receivers, whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: AMA/DWH/044475.0001).

Approved as to form and content:

Approved as to form and content:

Harneys

HARNEY WESTWOOD & RIEGELS



CAYMAN ISLANDS MONETARY AUTHORITY



APPENDIX 1

AXIOM LEGAL FINANCING FUND (THE "PORTFOLIO"), A
SEGREGATED PORTFOLIO OF JP SPC 1 (IN RECEIVERSHIP)

AND

AXIOM LEGAL FINANCING FUND MASTER SP, (THE "MASTER
PORTFOLIO"), A SEGREGATED PORTFOLIO OF JP SPC 4 (IN
RECEIVERSHIP)

(TOGETHER THE "AXIOM PORTFOLIOS")

BY MICHAEL SAVILLE, HUGH DICKSON AND JAMES EARP, IN THEIR
CAPACITY AS JOINT RECEIVERS OF THE AXIOM PORTFOLIOS (THE
"RECEIVERS")

PROTOCOL: FEE APPROVAL
& REPORTING TO AND MEETING
WITH THE RECEIVERSHIP COMMITTEE
AND INVESTORS



THIS COURT APPROVED PROTOCOL sets out the manner and procedure in which, in the absence of any statutory provisions (in particular given that the Companies Winding Up Rules and the Insolvency Practitioners Regulations do not apply to receiverships of segregated portfolios under s.224 of the Companies Law) the Receivers of the Axiom Portfolios intend:

- (1) to put before the Receivership Committee for review and the Court for approval details of their fees and expenses;
- (2) to formally report to and formally meet with the Receivership Committee and the Investors, and
- (3) to share information pertinent to the Receiverships with Investors more generally.



WHEREAS:-

- A. By Order of 13 March 2013 (as varied by the Order of 30 May 2013), the Court authorised that a receivership committee (the "**Committee**") be established in respect of the Portfolio consisting of a minimum of 5 and a maximum of 8 shareholders of the Portfolio, and also authorised that such Committee also serve as the Receivership Committee for the Master Portfolio;
- B. Pursuant to Summonses dated 24 May 2013 and following a hearing before the Court on 30 May 2013 at which an application was made by the Receivers for the Court's sanction of proposed processes for the reporting to and meeting with:
 - (a) the Committee; and
 - (b) the Registered Shareholders and, to the extent that they have obtained the necessary certificate/authorisation from the registered nominee or custodian shareholder authorising their direct participation, the beneficial shareholders of the Portfolios (the "**Investors**"),

it was proposed that the precise terms of those processes be set out in a Protocol.

- C. In the course of the hearing on 30 May 2013 the Court indicated in respect of the Committee and its proceedings:

- (a) That the Committee shall be a representative body of the Investors, and therefore in order that the Committee is able properly to canvass, to represent and to articulate the views and opinions of Investors, the Investors shall therefore be privy to the same information that is available to the Committee.
- (b) Accordingly, the Committee shall not therefore be permitted access to any confidential information which the Receivers cannot share with Investors.
- (c) The Committee is established to act as a consultative body to the Receivers to consider and review, but not to approve, decisions or actions of the Receivers.
- (d) The Receivers shall strive to share and communicate with the Committee and with Investors as much information pertinent to the affairs of the Axiom Portfolios as possible and shall conduct the Receiverships as transparently as possible, while recognising that some matters are of such commercial sensitivity or are otherwise confidential or privileged such that they cannot be shared with the Committee or with Investors.



RECEIVERSHIP COMMITTEE REPORTING AND MEETING

1. The Committee shall be provided with a quarterly bundle of documents comprising a brief report on the progress of the receiverships, and overview in general terms of the litigation already undertaken, and a summary of the fees and expenses incurred and claimed by the Receivers (including those of their legal advisors) on a total per-quarter basis (the "**Quarterly Bundle**").
2. The fee summaries in the Quarterly Bundle shall include specific and detailed narratives for the fees and expenses incurred and claimed by the Receivers, save that such narratives will be redacted (or will be general only in nature and will exclude specific detail) where the inclusion of detailed narratives would involve the risk of dissemination of confidential or commercially sensitive information or material.

3. The Committee will meet on a quarterly basis to consider and review the fees and expenses incurred and claimed by the Receivers.
4. The meeting of the Committee will be not less than 7 days following delivery to them of the Quarterly Packages.
5. The Receivers will apply to the Court for approval of their fees and expenses at intervals of not less than 6 months.
6. For the purposes of each fee approval application, one of the Receivers will file in the Court an affidavit deposing to:



- (1) The total fees and expenses claimed;
- (2) Confirmation that the Quarterly Packages were provided to the Committee;
- (3) The holding of the meeting of the Committee and the review of the Committee in respect of the fees and expenses claimed;
- (4) An executive summary of the fees and expenses claimed in which such fees and expenses (including those of the Receivers' legal advisors) are broken down into quarterly totals;
- (5) An overview of pertinent events in the receiverships being undertaken by the Receivers for the period under review;
- (6) The hourly rates and number of hours charged by the Receivers and their attorneys on a "per producer" basis for the period under review;
- (7) Whether the Receivers have considered the invoices rendered by their attorneys, and if so, the opinion of the Receivers as to the reasonableness of those invoices; and.
- (8) Any commercially sensitive or confidential narratives which the Receivers were unable to provide to the Committee.

INVESTOR REPORTING AND MEETING

7. The Receivers will convene a meeting of Investors (as defined herein) of the Portfolio (whether a physical meeting or by webinar) at intervals of not less than once every 12 months, the first meeting to be convened on or before the anniversary of the Receiverships.
8. In the interests of economy and efficiency only Investors (as defined herein) shall be permitted to attend such meeting or meetings.
9. For the purpose of each meeting of Investors, the Receivers will circulate to the Investors at least 14 days prior to the meeting an annual report including the accounts of the Receiverships. A single report will be prepared for the purpose of reporting on developments within the Portfolio and the Master Portfolio.
10. The Receivers will continue to keep the Investors apprised of the accounts, developments and progress of the Receiverships to the fullest extent possible (to the extent that to do so does not include reference to any confidential matters) by regularly updating the Receivership website.
11. The Receivers' annual report to the Investors will include a description and/or analysis of the following:
 - (1) the steps taken and the further steps intended to be taken in the Receiverships generally; or
 - (2) any matters which, in the opinion of the Receivers are or ought to be of particular concern to the Investors;
 - (3) any matters upon which the Receivers seek a direction of the Court;
 - (4) the steps taken in the Receiverships since the date of the receivership orders or the date of the previous report;
 - (5) the matters which are relevant to any resolutions intended to be put to the next meeting of Investors; and



(6) any matters upon which the Receivers are asked to report by the Committee or the Court, save for those matters which are considered confidential.

12. The Receivers' annual reports and accounts to the Investors shall provide them with the information necessary (when read with previous reports) to enable them to make an informed decision about the Axiom Portfolios' financial condition and their prospects of recovery, to the extent that it is reasonably practicable to do so.



13. The Receivers' accounts shall be presented in GBP and shall include details of:

- (1) the nature and estimated realisable value of the Axiom Portfolios' assets, to the extent the Receivers are able to provide an estimate;
- (2) the nature and amount of the Axiom Portfolios' liabilities, including future and contingent liabilities;
- (3) the nature and amount of the Axiom Portfolios' income;
- (4) the expenses of the Receiverships;
- (5) the amount of Receivers' remuneration approved by the Court;
- (6) the work done by or on behalf the Receivers and the amount of remuneration claimed by them;
- (7) the distributions made to creditors and/or shareholders; and
- (8) such other information which is required in order to provide the Investors and/or creditors with a proper understanding of the Axiom Portfolios' affairs and financial position.

14. A copy of each of the Receivers' annual reports and accounts as submitted to the Investors shall be:

- i. filed in Court;

ii. sent to CIMA by email and/or hand delivery;

iii. sent to the creditors and Investors by e-mail.

15. A copy of each of the Receivers' reports and accounts as sent to the creditors and/or Investors under paragraph 14(iii) above may also be posted (in full or summary form) on the Receivership website.

16. For the avoidance of doubt, in the case of any Receivers' report expressed to relate to a confidential matter, the Court may direct that it should be kept confidential for a specific period or until the occurrence of a specified event.

17. In providing the information and reports to Investors and/or to the Committee as provided for above, the Receivers shall not be obliged to provide and information, data or documents of a confidential or commercially sensitive nature; however, the Receivers will at all times be fully cognisant of the Court's indication at the 30 May 2013 hearing that they should strive to provide information to Investors as fully as possible and should conduct the Receiverships as transparently as possible.

