

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 94285 / February 18, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20162**

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**In the Matter of**

**BlueCrest Capital Management,  
Limited,**

**Respondent.**

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**CORRECTED ORDER APPROVING  
PLAN OF DISTRIBUTION**

On December 8, 2020, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)<sup>1</sup> against BlueCrest Capital Management, Limited (“BlueCrest”).<sup>2</sup> In the Order, the Commission found that, from October 2011 through December 2015, BlueCrest engaged in a course of conduct stemming from its management of a proprietary hedge fund, BSMA Limited that was detrimental to investors in BlueCrest’s flagship client hedge fund, BlueCrest Capital International Master Fund Limited.<sup>3</sup> BlueCrest Capital International Master Fund Limited was organized in a master-feeder structure with an offshore unregistered feeder fund, incorporated in the Cayman Islands, called BlueCrest Capital International Limited, and a domestic unregistered feeder fund, organized under Delaware law, called BlueCrest Capital L.P (collectively, the “Feeder Funds”). The Commission ordered the Respondent to pay \$107,560,200 in disgorgement, \$25,154,306 in prejudgment interest, and a \$37,285,494 civil money penalty, for a total of \$170,000,000, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”). BlueCrest has paid in full.

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<sup>1</sup> Securities Act Rel. No. 10896 (Dec. 8, 2020).

<sup>2</sup> BlueCrest is a St. Helier, Bailiwick of Jersey, limited company with its principal place of business in St. Helier. Before July 2014, BlueCrest did business as BlueCrest Capital Management LLP. BlueCrest was a Commission-registered investment adviser from November 2008 until August 2018.

<sup>3</sup> At all relevant times, BlueCrest Capital International Master Fund Limited was an unregistered Cayman Islands-based fund.

The Fair Fund includes the \$170,000,000.00 paid by the Respondent. The Fair Fund and has been deposited in an interest-bearing account at the U.S. Department of the Treasury’s Bureau of the Fiscal Service, and any interest accrued will be added to the Fair Fund.

On June 3, 2021, the Division of Enforcement, pursuant to delegated authority, appointed Kurtzman Carson Consultants, LLC as the fund administrator for the Fair Fund and set the administrator’s bond amount at \$170,000,000.00.<sup>4</sup>

On November 2, 2021, the Division of Enforcement, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),<sup>5</sup> pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”).<sup>6</sup> The Notice advised all interested persons that they may obtain a copy of the proposed plan of distribution (“Proposed Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Catherine E. Pappas, Senior Advisor, United States Securities and Exchange Commission, One Penn Center, 1617 JFK Blvd., Ste. 520, Philadelphia, PA 19103. All persons who desired to comment on the Proposed Plan could submit their comments, in writing, no later than December 2, 2021.

The Commission received six comments on the Proposed Plan.

After considering the comments received on the Proposed Plan, the Commission staff recommends that the Proposed Plan be approved without modification.

## I.

### A. The Proposed Plan

The Proposed Plan seeks to distribute the Fair Fund, plus accrued interest, less administrative costs and taxes, to U.S. Investors<sup>7</sup> in the Feeder Funds between October 1, 2011 and December 31, 2015, inclusive (the “Relevant Period”) for management fees paid.<sup>8</sup> The Commission received six comments on the Proposed Plan: five regarding the Proposed Plan’s exclusion of non-U.S. Investors, and a sixth comment seeking modification of the Excluded Party definition. As discussed below, the Commission staff recommends approval of the Proposed Plan without modification.

### B. The Pending Proceedings in the United Kingdom

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<sup>4</sup> Order Appointing Fund Administrator and Setting Bond Amount, Exchange Act Rel. No. 92097 (June 3, 2021).

<sup>5</sup> Exchange Act Rel. No. 93508 (Nov. 2, 2021).

<sup>6</sup> 17 C.F.R. § 201.1103.

<sup>7</sup> The term “U.S. Investors” is used herein as defined in the Proposed Plan, ¶ 20.

<sup>8</sup> Proposed Plan, ¶ 2.

On December 23, 2021, the United Kingdom’s (“UK”) Financial Conduct Authority (the “FCA”) (the “UK Proceeding”) published a Decision Notice against BlueCrest UK based on conduct substantially similar to that underlying the Order.<sup>9</sup> In the Decision Notice and the accompanying press release, the FCA indicated that it is seeking disgorgement from BlueCrest UK to compensate non-U.S. investors who suffered losses as a result of the misconduct.<sup>10</sup> The UK Proceeding continues to litigate, with BlueCrest UK contesting the FCA’s decision to a UK court.

### **C. The Comments Regarding the Proposed Plan’s Limitation to U.S. Investors**

The Commission received six comments on the Proposed Plan regarding the exclusion of non-U.S. Investors: correspondence submitted on November 17, 2021 by Highbridge Tactical Credit Fund limited; three letters dated December 1, 2021 from Stuart Sybersma and Michael Penner in their capacities as the Joint Voluntary Liquidators of BlueCrest Capital International Limited-in Voluntary Liquidation, the Liquidator of BlueCrest Capital L.P.- in Liquidation, and the Joint Voluntary Liquidators of AllBlue Limited – in Voluntary Liquidation (“AllBlue”); and correspondence dated December 9, 2021 from Almitas Capital LLC (“Almitas”).

All of these comments object to the exclusion of non-U.S. Investors under the Proposed Plan because, like U.S. Investors, non-U.S. Investors paid management fees. The letter on behalf of AllBlue further objects to the exclusion because certain underlying investors in AllBlue would qualify as U.S. Investors but would be excluded because the fund itself is not a U.S. Investor. Finally, the letter from Almitas expresses concern that approving the Proposed Plan would set precedent of limiting Fair Fund settlements only to U.S. Investors.

The Commission has considered this objection and concludes that it does not require modification to the Proposed Plan. The monetary relief sought by the Commission in resolution of this matter was based on management fees paid by U.S. Investors to BlueCrest and it is thus appropriate that the collections be returned to U.S. Investors. As reflected in the press release issued by the FCA, non-U.S. Investors will be compensated through the resolution of the proceedings in the UK. In view of the basis for the monetary relief agreed to by the Commission and the FCA’s express intention to compensate non-U.S. Investors, the Commission believes the Proposed Plan’s limitation to U.S. Investors appropriate.

### **D. The Comment Regarding the Definition of Excluded Parties**

By letter dated November 23, 2021, Bon Secours Mercy Health, Inc., a Maryland nonstock corporation (“BSMH”), through its counsel, submitted a comment seeking modification of the definition of Excluded Party in the Proposed Plan to ensure that BSMH, which obtained its investment(s) in the Feeder Funds through a merger, will not be excluded under the Proposed Plan.

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<sup>9</sup> The Decision Notice is available here: <https://www.fca.org.uk/publication/decision-notices/bluecrest-capital-management-uk-llp.pdf>.

<sup>10</sup> The December 23, 2021 Press Release is available here: <https://www.fca.org.uk/news/press-releases/fca-publishes-decision-notice-hedge-fund-conflicts-interest-failings>.

The Proposed Plan defines U.S. Investors as “a Person or their lawful successors who held BlueCrest Capital International Limited and/or BlueCrest Capital L.P. during the Relevant Period ...”<sup>11</sup> Excluded Parties are defined in the Proposed Plan as, in relevant part, “(c) any purchaser or assignee of another Person’s right to obtain a recovery from the Fair Fund for value; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance, or devise.”<sup>12</sup> Insofar as BSMH, through the merger, succeeded to an interest in the Feeder Funds and did not purchase or receive through assignment another Person’s right to obtain a recovery from the Fair Fund, it falls within the “lawful successors” language in the definition of U.S. Investor and is not an Excluded Party. No modification to the Proposed Plan is necessary.

**E. Approval of the Proposed Plan**

For the reasons stated above, the Commission finds that the Proposed Plan is fair and reasonable and should be approved without modification.

**II.**

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission’s Rules,<sup>13</sup> that the Proposed Plan is approved, and the approved Plan of Distribution shall be posted simultaneously with this Order on the Commission’s website at [www.sec.gov](http://www.sec.gov).

By the Commission.

Vanessa A. Countryman  
Secretary

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<sup>11</sup> Proposed Plan, ¶ 20. “Relevant Period” is defined in the Proposed Plan, ¶ 2.

<sup>12</sup> Proposed Plan, ¶ 10.

<sup>13</sup> 17 C.F.R. § 201.1104.