

24 September 2012

**MF Global Australia Limited
(In Liquidation) (MFGA)**

Notice of Entitlement Explanatory Statement – September 2012

On 19 September 2012, the Supreme Court of New South Wales made Orders in the Proceedings. A copy of these Orders, and a copy of the Judgment, can be found on our website at - <https://www.deloitte.com/au/mfglobal>.

The Orders provide directions to the Liquidators for the calculation of MFGA clients' entitlements to the client pools of funds, and distribution to clients.

The purpose of this explanatory statement is to:

- set out to MFGA clients how their GLV has been calculated and explain the information contained in the Notice of Entitlement
- provide details of the proving process as set out in the Orders
- provide answers to some frequently asked questions regarding MFGA client entitlements and distribution of money that have arisen over the duration of the Liquidation.

1. Notice of Entitlement as at 31 October 2011

The Liquidators have issued to each MFGA client a Notice setting out each client's entitlement amount. This amount is calculated by reference to the Gross Liquidated Value ("GLV") as at 31 October 2011.

The Notice issued by the Liquidators is similar to the client statements previously issued by MFGA. The Notice shows the following information:

1. your cash position as at 31 October 2011
2. the mark-to-market value of all open positions held at 31 October 2011
3. your GLV in Australian dollars as at 31 October 2011 using exchange rates as at 31 October 2011
4. the exchange rates used to convert your foreign currency positions to Australian dollars
5. interest and other adjustments for the period prior to close of business on 31 October 2011.

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The Notice has been produced in September 2012 from a database created for the proving process. The Notice is not produced from the corporate systems of MFGA used prior to the appointment of Administrators on 1 November 2011. Therefore, you may notice some changes to the layout from the previously issued MFGA client statements.

1.1 Cash position as at 31 October 2011

The opening cash position of your account is the balance as shown in the MFGA records as at 31 October 2011. Information has been extracted from the pre-administration corporate systems.

1.2 Open positions as at 31 October 2011

All open positions as at 31 October 2011 have been valued on the basis of 31 October 2011 mark-to-market prices based on the information received from counterparties and entered into the MFGA systems.

1.3 Gross Liquidated Value (GLV)

The GLV is the balance of your account after all positions have been valued in accordance with 1.2 above and after all interest and adjustments, in Australian dollars.

1.4 Exchange Rates

The exchange rates used to convert foreign currency to Australian dollars are shown on your Notice of Entitlement in the account summary section, referred to as “spot rates”. These exchange rates are as at 31 October 2011 and are the rates provided in the ordinary course of business by MFG Inc. to MFGA as set out in the Court Orders’ definitions.

These rates are the same as used in the January 2012 client statements. We received no disputes regarding the exchange rates.

1.5 Interest and Adjustments

Interest on your account has been processed up to and including 31 October 2011. No interest has been posted to your account from 1 November 2011 as the statement is as at 31 October 2011.

Charges that were applicable to your account prior to close of business on 31 October 2011 have been processed to your account. Please note that, unlike the January 2012 statements, charges and commissions for the close out transactions have not been processed to your account. Close out charges post-31 October 2011 are not to be included in the calculation of GLV.

2. Online Client Claim Process (OCCP)

The Court Orders set out the proving process which includes using an Online Claim Tool which we have referred to as OCCP. The proving process allows for a cost efficient method for MFGA clients to advise the Liquidators if they agree with their GLV as calculated in accordance with the Court Orders.

If you dispute your GLV amount, you have 21 days from date of issue of the Notice to advise the Liquidators of your dispute and provide additional information and particulars about the adjustments you contend ought to be made. Within 28 days of receipt of any information provided, the Liquidators will notify you whether or not the Liquidators propose to vary or alter the GLV, and that determination by the Liquidators shall be binding unless and until the Liquidators and you agree to a different GLV, or a court determines an appeal by you under section 1321 of the Corporations Act 2001 and directs or orders a different GLV be adopted.

Clients are requested to:

- review the issued Notice setting out your Entitlement Amount (i.e. your GLV)
- review this explanatory statement
- complete the OCCP within 21 days of the date of issue of the Notice.

The OCCP requires you, for each client account:

- to confirm that you are the account owner or a person authorised by the account owner to confirm the GLV
- to confirm, or not, your agreement with the of GLV as at 31 October 2011. If you do not agree with the GLV then, after completing the online process, an automated email will be sent to you requesting details of your disagreement with the GLV
- to confirm the bank account details to be used for the distribution of your funds if such details are held by MFGA. Should the details you enter be different from those already held, an automated email will be sent to you requesting change of bank account details and information in accordance with MFGA risk processes. If no bank account details are currently held by MFGA for your account, you will receive an automated email requesting bank account details and information in accordance with MFGA risk processes.

If within the 21 days you do not complete the OCCP, either by confirming or rejecting the GLV, you will not be able to access the OCCP and the Liquidator will consider that there is no dispute to your GLV.

If you dispute the GLV, then pursuant to the Court order dated 19 September 2012, you have 21 days from the date of issue of the Notice to provide information to the Liquidators of your dispute. If you do not provide the information within the 21 days, the Liquidators will proceed on the basis of the GLV provided in the Notice.

Should you agree and confirm the GLV, the Liquidators will take that as confirming your GLV subject to any alterations required following the identification of any errors or omissions in calculating your GLV.

3. Questions

Questions regarding your Notice of Entitlement should be forwarded by email to mfgaustralia@deloitte.com.au together with a daytime telephone contact number. In the header, it would be useful to use:

“Account Enquiry – [insert account number]”

The hotline remains open however there is only a limited number of people operating the service. Therefore, it will be more efficient to deal with questions by email in the first instance.

4. How to access the online proving tool

A link to the online tool is included in the email to clients that attaches the Notice of Entitlement and this explanatory statement. Each link is specific to a client account and can only be accessed by one user at a time and must only be clicked once. To access, please either:

1. Click on the link once and it should take you to the online proving site. If you double-click the link, or reopen within 10 minutes of it being opened, the site will not allow entry for security reasons
2. Copy the link into your internet browser.

If you are having difficulty, our recommendations are:

1. Try to reopen the link by clicking on it once (after at least 10 minutes)
2. Try copying and pasting the link into a web browser
3. Check the security settings on your computer as it may not allow you to be redirected from your inbox to a web browser.

Should these recommendations not work for you, please forward your issue by email to mfgaustralia@deloitte.com.au.



5. Limitations

The Liquidators have calculated your GLV in accordance with the Court Orders made on 19 September 2012 using information from external sources. Please note that information contained in the Notice is based on information from external sources, and neither MFGA nor the Liquidators represent or warrant that the information contained in the Notice is accurate or complete. MFGA reserves the right to correct any error in the calculations. The Liquidators of MFGA are not personally liable for the information provided herein or in the Notice.

24 September 2012

Client Account Explanatory Statement – September 2012

FAQ's

1. Why is there a new OCCP?

As the Court has directed that a different methodology for calculating GLV to the methodology used in the previous statements be adopted, it is necessary to conduct a new OCCP for the new calculations. The possibility was foreshadowed in the Explanatory Statement dated 23 January 2012, which stated:

“Should the Court determine that the method used to calculate the GLV of an account as at 1 November 2011 is to be changed, then your GLV will be recalculated in accordance with the Court order. This recalculation will occur whether or not you have confirmed or rejected the GLV as at 1 November 2011 using the Online Client Claim Statement.”

The process in January 2012 was required so that, amongst other things, the Liquidators could gather and assess the range of disputes and issues to be included in the Court Proceedings.

As instructed in the recent Court orders handed down by the Supreme Court of New South Wales, the Liquidator is required to run the OCCP process again to allow clients the ability to reject their updated Notice of Entitlement.

2. Why is the GLV in my Notice of Entitlement different than my January 2012 statement?

The Court has ordered that the GLV be calculated at 31 October 2011 mark-to-market prices. The January 2012 statements used close out data, where available, from counterparties and affiliates.

3. If I don't agree with the methodology used for calculating my GLV that has been handed down by the Court, should I reject my GLV when completing the OCCP?

Any disputes received by the Liquidator arguing that the judgment and orders of the Court are incorrect will be rejected by the Liquidator. The alternative methods have already been argued in Court.

4. Is the Online Client Claim Process (OCCP) binding?

Should you agree and confirm your GLV, the Liquidators will take that as a confirmation of your GLV.

5. What about interest post 1 November 2011 on CSAs?

Pursuant to the Court Order dated 19 September 2012, interest earned on CSAs within a particular product pool after 1 November 2011 will remain in the CSAs for the benefit of clients in that product pool until all clients' claims to that product pool have been satisfied.

6. Why does the OCCP survey tell me that MFGA doesn't have my bank account details when they have had them in the past?

The Liquidators have limited access to the historical records and systems of MFGA. As a result, while we have retrieved the bank account details for many clients, we have not been able to locate the full bank account details required to make a distribution to other clients.

7. Why do I have to enter my banking details in the OCCP if MFGA already have them?

The Liquidators wish to confirm the banking details it currently holds for all clients before they make distributions. For security purposes, the Liquidator cannot upload a client's banking details to the OCCP for clients to confirm them. Therefore, the Liquidator requests that clients for whom MFGA currently holds banking details re-enter their bank account details so that these may be checked against those currently held.

If the details entered do not match those details currently held, you will be sent an email requesting further information regarding the bank account provided.

8. What do I do if I haven't received the email with a link for my account?

In the first instance, please check any other email addresses that the Liquidator may have as being associated with your account along with any junk mail folders that our email may have been diverted to.

If you have not received any email, it is likely that the Liquidator does not have an email address as being associated with your account. Please send an email to mfgaustralia@deloitte.com.au stating that you would like to add your email to our database. For security and authentication purposes, please attach a copy of a previous statement for your MFGA account(s).