



Notice to clients

24 November 2011

**MF Global Australia Limited (administrators appointed) (MFGA)
MF Global Securities Australia Limited (administrators appointed)
Brokerone Pty Limited (administrators appointed)
together, the "Companies".**

Below is a brief update on key developments since our last notice dated 21 November 2011:

Futures clients

1. Australian futures positions

As noted in my last update to clients dated 21 November 2011, the ASX has advised it is now in a position to return approximately \$34m of monies in respect of positions where MF Global UK Limited (**MFGUK**) was the relevant clearing participant, once it has received payment instructions from both the Administrators of MFGA and the Special Administrators of MFGUK.

This is a complex matter and we continue to engage in dialogue with the Special Administrators of MFGUK, their legal advisors, the ASX and ASIC.

On Wednesday 23 November 2011 the ASX transferred \$735k to the Administrators in relation to client positions referable to the ASX markets rather than the ASX 24 market, where MFGA and not MFGUK was the clearing participant. These monies are now held in a segregated bank account pending reconciliation.

2. USA futures positions

- On Wednesday 23 November 2011, Bank of New York Mellon Clearing LLC (**BNYMC**) remitted to the Administrators approximately \$30m of MFGA client monies. BNYMC has retained approximately \$5m to deal with any remaining illiquid MFGA client positions which we are working with BNYMC to close.
- We understand that the Chicago Mercantile Exchange (**CME**) has announced it is to increase its financial guarantee to the Trustees of MF Global Inc, which may accelerate the distribution of funds to MF Global Inc clients. MF Global Inc is holding funds on behalf of MFGA clients; consequently we are investigating the possibility of MFGA lodging a claim. We will provide further updates as this matter progresses.

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3. Singapore, Hong Kong and Tokyo futures positions

As previously notified to clients in my update of 16 November 2011, MFGA's offshore counterparties have advised that they have closed out all Singapore, Hong Kong and Tokyo futures positions.

The close out value of these positions is not yet available to MFGA and will depend on information that MFGA has requested but not yet received. I do not have a definitive timeline of when this information will be received.

4. European futures positions

MFGA has sent all client orders for close out or transfer to the special administrators of MF Global UK Limited (administrators appointed). The majority of positions have now been closed or transferred.

We are starting to receive information from overseas counterparties regarding closed positions.

Online FX

On Wednesday 23 November 2011 an email notification was sent to all Online FX clients requesting instructions to close out all open Online FX positions with MFGA by 5pm (Sydney time) Friday 25 November 2011.

If any open Online FX positions are not closed at that time, MFGA will exercise its right to close out client positions. Please enter any instructions to close out positions into the Online FX platform in the ordinary course.

As soon as all positions are closed we will commence the reconciliation process to client accounts and subject to that reconciliation, proceed with the claims admission process.

CFD clients

Deutsche Bank (DB) update

On Wednesday 23 November 2011 DB provided the Administrators with information regarding the close out of all MFGA positions. On the same day DB transferred to the Administrators \$38m. This is \$10m less than recorded in the records of MFGA as at 1 November 2011 and as reported at the first meeting of creditors on 11 November 2011.



The difference includes, amongst other costs: market movements; illiquid positions still held; offset claims and expenses; adjustments. We are in the process of reviewing this information and DB's claims for deductions & offset. We do not have a timeframe for how long this exercise will take.

Yours faithfully,

Chris Campbell
Joint Administrator of the Companies