

## Notice to clients

3 August 2012

### **MF Global Australia Limited (In Liquidation) (MFGA, the Company)**

Dear client,

Further to the client notice dated 3 July 2012, the Liquidators provide below an update on the main areas of the Liquidation of MFGA.

#### **1. Court proceedings - MFGUK and ASX**

As previously advised the Federal Court of Australia adjourned this matter until today, 3 August 2012. By consent between MFGUK and MFGA, MFGA was granted leave to commence and proceed with a cross-claim against MFGUK.

A Court timetable was also agreed between MFGUK and MFGA where

- a) MFGA is to submit a notice and statement of cross-claim by 31 August 2012
- b) MFGUK is to respond by 28 September 2012.

Whilst the Court proceedings are now active we are continuing our dialogue with the Special Administrators of MFGUK to settle the matter favorably for the clients of MFGA.

#### **2. MF Global affiliates: status of MFGA claims and receipt of close out data**

##### *MF Global Inc.*

As advised in our 3 July 2012 update to Clients the Trustee of MF Global Inc. requested additional information and documentation to be provided by 31 July 2012 as a prerequisite to a distribution of funds. The information is reliant on the Judgment in the Proceedings before Justice Ashley Black (Proceedings No. 2011/411117 and 2012/102788). As the Judgment is not available we requested an extension of time to 30 September 2012 to provide the required information to the Trustee. The Trustee granted the extension.

##### *Other affiliates*

No further information has been provided further to our update dated 3 July 2012.

### 3. Committee of Inspection (COI)

A fourth meeting of the COI was held on 31 July 2012. At this meeting the COI was provided with an update on the main areas of the Liquidation. The minutes of this meeting will be lodged with ASIC shortly.

### 4. Sale / transfer of client debt

We have received a number of questions and issues from clients and creditors regarding the sale of client claims against MFGA. These issues were discussed at the recent COI meeting and set out below are some brief comments on the Liquidators position regarding the sale / transfer of client debts: -

- The facilitation of client debt sales is not specifically the role of the Liquidators. However, the Liquidators established a streamlined process to affect the transfers.
- The debt transfer process should not be a cost of the Liquidation as it benefits only certain creditors (i.e. clients who choose to sell their claim against MFGA) therefore the process should be self-funding.
- At the time of implementing the debt transfer process we understood there was a significant demand for the sale of debt. However, to date only 0.43% accounts representing 7.3% in value of total claims have requested acknowledgment of transfer of their claims. This is significantly less than originally anticipated.
- Delays in processing client requests for transfers have generally been caused by
  - a) Documentation incorrectly completed by clients
  - b) Delays between agreement by client and receipt of documentation from purchasers
  - c) Incomplete documentation from purchasers to meet legal requirements.
- It should be also noted that the Liquidators are independent of the sales process and accordingly will not
  - a) Provide any recommendation to clients to sell, or not sell, their claims against MFGA
  - b) Provide any view on value of their claim
  - c) Provide any recommendation, or name of parties, that may or may not be in the market to acquire claims from MFGA clients.
- The Liquidators strongly suggest clients take legal advice regarding the option to sell their claim against MFGA.

Yours faithfully,

**Chris Campbell**  
**Joint Liquidator of MF Global Australia Limited (In Liquidation)**

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