

Notice to clients

1 November 2011

Background

On 1 November 2011 at 7:45am, Christopher Robert Campbell, David John Frank Lombe and Vaughan Neil Strawbridge of Deloitte Touche Tohmatsu were appointed as administrators of the following companies (**Companies**):

- * MF Global Australia Limited (Administrators appointed) (ACN 001 662 077) ("MFGA")
- * MF Global Securities Australia Limited (Administrators appointed) (ACN 125 669 801) ("MFGS")
- * Brokerone Pty Limited (Administrators appointed) (ACN 070 037 482) ("Broker")

The administrators have taken control of the Companies and all of their operations with immediate effect, in accordance with the *Corporations Act 2001* (Cth) (**Act**).

In communications this morning prior to the opening of trading on the Australian Stock Exchange (**ASX**), the ASX advised the administrators and the Companies that all of the Companies' participations on the ASX have been suspended with effect from the appointment of the administrators. Accordingly, now that they are in administration, none of the Companies have any capacity to trade on the ASX, including to open or close any positions. The ASX have advised us they are in the process of closing out all Australian positions held by the Companies with immediate effect. The ASX has taken this step as a direct consequence of the appointments over the Companies.

Customer positions

We write to provide you with **notice** to you of certain steps which MFGA and MFGS are taking in relation to open customer positions with effect from our appointment.

- In relation to Australian **Equity CFDs, Index CFDs and Commodity CFDs**, the counterparty has issued a default notice and advised that it is has closed out all positions it holds. We understand that this process may take a short period of time. The action by the counterparty means that MFGA is no longer able to maintain its hedge position in relation to these CFDs. Therefore MFGA has no alternative but to also close out all CFD positions open, in accordance with the terms of the client agreement between MFGA and the customer. Information from the counterparty close out transactions will be the basis for calculating the MFGA close out transactions.
- In relation to **FX CFDs and Margin FX**, the administrators are seeking confirmation of the status of MFGA's hedge position, which is with another member of the MF Global group. Should the administrators decide to close out the CFD positions open as at the date of their appointment, in accordance with the terms of the client agreement between MFGA and the customer, affected

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customers will be notified accordingly. In addition should these counterparties close out these positions then MFGA gives you notice that it will also close out client positions.

- In relation to **Australian futures**, MFGA's participation of the ASX market, clearing and settlement facilities has been suspended. The ASX has also indicated that it proposes to enforce the powers under their rules to close out or otherwise deal with open positions registered at the clearing facility.
- In relation to **overseas futures**, the ability for customers to deal in overseas positions will depend upon the extent to which the overseas market, clearing and settlement facilities will allow such activity and position of offshore MF Global Group entities. Should these positions be closed we cannot be certain if or when the funds from the transactions will flow to MFGA. We are hopeful this will become clearer in the near future.
- To the extent that funds are held with **offshore** MF Global Group entities or at offshore exchanges or clearing facilities, the return of such monies will be subject to relevant arrangements in those jurisdictions. If you have overseas positions you should be aware of these constraints and once more information is available we can possibly provide alternatives for clients.
- In relation to **Australian equities**, MFGS's participation as a trading participant of ASX has been suspended. No further trades will be executed.

We are now in the process of reviewing all of the companies' information available to us from the records of MFGA and MFGS, with a view to ensuring that customer positions are identified and reconciled. We will write to customers again in due course to advise customers of their position with MFGA and MFGS and amounts payable or receivable by customers of those companies. It may take time for the administrators to be able to confirm the position and, in due course, to process appropriate payments to customers.

In the interim, the administrators are not in a position to adopt or to take any other steps to perform any obligations of MFGA or MFGS under any agreements with customers or other parties, or to open any new trades.

We will keep you and other parties involved in the administrations of the Companies informed of developments.

Any queries should in the first instance be run through your normal channels of communication and / or Broker. A dedicated email account for customer queries is now active:

mfgaustralia@deloitte.com.au

Yours sincerely,

Christopher Campbell, David Lombe and Vaughan Strawbridge

Joint administrators

MF Global Australia Limited (administrators appointed)

MF Global Securities Australia Limited (administrators appointed)

Brokerone Pty Limited (Administrators appointed)