

Notice to clients

5 March 2012

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

Dear client

1. Section 439A Report and second meeting of creditors and clients

Appointment of Liquidators

On Friday 2 March 2012 the second meeting of creditors and clients (the Meeting) was held at the Sofitel Wentworth Hotel, Sydney.

The primary purpose of the Meeting was for the Administrators to provide clients and creditors with a report on the affairs of the Company, an update on the progress of the administration and for the creditors to resolve the future of the Company.

In line with the Administrators' recommendation, the creditors of MFGA resolved that the Company be wound up via Liquidation. It was the Administrators' view that this was the only viable option as no Deed of Company Arrangement (DOCA) had been proposed and the Company was and continues to be insolvent and therefore a return of the Company back to the directors was not viable.

In the next few days a formal notice will be distributed informing creditors and clients of the appointment of Chris Campbell, David Lombe and Vaughan Strawbridge as Liquidators of the Company.

Appointment of members to the Committee of Inspection

A Committee of Inspection (COI) was appointed by creditors and clients at the Meeting. The COI replaces the Committee of Creditors elected at the first meeting of creditors on 11 November 2011 and operated during the period MFGA was in Voluntary Administration.

The following were unanimously appointed to the COI:

#	Member name
1	Peter Candy
2	Matthew Cottrell
3	Daniel Habib
4	Sam Liuzzo
5	Geoff Louw
6	Kit Lowe
7	Jim Taig
8	James Yhap

The COI has the following functions and powers:

- consults with and receives reports from the Liquidators
- assists the Liquidators by acting as a “sounding board” for proposed actions
- the COI may approve the Liquidators remuneration
- approve the Liquidator to enter into contracts for longer than 3 months
- approve the Liquidator to settle and compromise debts owed to the Company great than \$50k
- call meetings of the Committee and request reports from the Liquidator

2. Court proceedings – Court directions and client representatives

(Please refer to the notice to clients dated 1 March 2012)

The Proceedings are next listed before the Supreme Court at Queens Square, Sydney on **19 March 2012**. At this hearing the Liquidators will ask the Court that the following Representatives be appointed:

Class	Representative
CFD account clients	RMF Management Services Pty Ltd
Futures account clients	GrainCorp Operations Limited
Margin FX account clients	The GFL Group Pty Limited
Online FX account clients	Underdog Clothing Pty Ltd
Unsecured creditors	Patsystems Pty Ltd

Please note that you do not need to participate in the Proceedings. Non-participation in the Proceedings will not affect your status as a client and/or creditor of MFGA. You will be bound by the outcome of the Proceedings if you are a member of a class (or classes) in respect of which a Representative is appointed. However, if you wish to take part please refer to the notice to clients dated 1 March 2012.

The Liquidators believe the key issues that the Court will need to provide direction, have been identified for client representatives to argue.

As advised at the Meeting, if you believe your issues may not be addressed by the client representatives you can provide the Liquidators with details of your issues. Please forward them to mfgaustralia@deloitte.com.au and use the subject header “Court determination issues”.

The Liquidators and their legal team will review this information and identify if a client representative has already been identified to be a defendant to the Proceedings on the matter. If a client representative has already been identified to argue the position this will avoid the duplication of unnecessary legal costs and time associated with the Court process.

Communication to clients and creditors during the court process is being considered. Once the legal advisors for the Representatives are appointed, we will look to co-ordinate a communication process. Please note:

- some communications may be subject to legal professional privilege
- you are asked to forward your communications to mfgaustralia@deloitte.com.au as the client representatives are not geared for significant volumes of correspondence

3. Proving process and client statements

The Online Client Claim System (OCCS) closed on 29 February 2012. Of the c.9,000 client accounts issued with a link to the OCCS, 51% of accounts completed the OCCS survey.

We have received a number of queries from clients who missed the deadline. Whilst these clients may not have jeopardised their ultimate claim, non-completion of the OCCS survey may delay distribution of funds and has added cost to the process. During March 2012, the Liquidators will be reissuing a new “live” link to clients who have not yet completed the survey and updating some client statements for new transaction close out information. Those who have successfully completed the OCCS survey will not be provided with a new link unless their statement has been updated.

4. Recoveries

Full information regarding the recovery of client funds following the appointment of Administrators on 1 November 2011, is set out in the Section 439A report to clients and creditors dated 22 February 2012 (available at www.deloitte.com/au/mfglobal)



Since the date of that report a further \$4.4m has been recovered from Deutsche Bank in relation to c.\$7m that Deutsche Bank had retained relating to offsets and other charges they have claimed. The Liquidators are currently in the process of reconciling the funds.

Yours faithfully,

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