



Dear CFDs Client

**MF Global Australia Limited (administrators appointed)**

We refer to your CFD account with MF Global Australia Limited (administrators appointed) (**MFGA**).

Since their appointment at 7:45am on 1 November 2011, the administrators of MFGA have been reviewing the approximately 20,700 client account records held by MFGA and hundreds of client communication and queries that have been received.

Due to the appointment of administrators, MFGA has not been in a position to action any instructions received from CFD clients to date. This communication confirms to CFD clients how MFGA intends to process instructions from them.

**Update**

In terms of the different types of CFDs provided by MFGA, we provide the following update:

**1. Australian and Asian Equity CFDs**

These CFDs have all been closed out:

- (a) MFGA has received notice that MFGA's underlying hedge position has been closed out.
- (b) MFGA has therefore closed out all CFDs over Australian and Asian equities.
- (c) In respect of statements you have received we have made some comments under the heading "Statements" below.

**2. European and US Equities CFDs, FX CFDs and Margin FX**

These positions have not been closed out:

- (a) MFGA's hedge counterparty is another member of the MF Global group.
- (b) The administrators are attempting to obtain details as to the status of the relevant underlying hedge positions and will provide further updates to clients when further information becomes available.

**3. Australian Index CFDs**

These CFD positions are hedged through futures contracts on ASX24. In this regard:

- (a) MFGA's trading participation has been suspended by Australian Securities Exchange Limited (**ASX**).
- (b) All futures positions are registered with ASX Clear (Futures) Pty Limited (**ASX Clear**) in the name of the clearing participant, MF Global UK Limited (administrators appointed) (**MFGUK**).



(c) ASX Clear has also suspended the clearing participation of MFGUK and has declared an event of default and under the rules of ASX Clear has appointed a default broker to manage the positions of MFGUK.

(d) ASX Clear has advised MFGA's administrators that it has taken steps to close out all open positions and that the majority of positions have already been closed.

(e) In view of the advice from ASX Clear to MFGA's administrators outlined above, these CFD positions have been closed out by MFGA.

#### **4. International Index and Commodity CFDs**

(a) These CFD positions are hedged through futures contracts on the relevant offshore exchange.

(b) MFGA is in the process of considering how it will execute transactions to close out its hedge position on those foreign exchanges and will provide further updates to clients when further information becomes available.

#### **Close out requests for open CFD positions in categories 2 and 4 above**

**5. This section does not apply to Australia or Asian Equity CFDs or to Australian Index or Commodity CFDs. As noted above, these positions have already been closed out.**

6. Under the CFD client agreement, MFGA can take steps to close out CFD positions if MFGA's hedge position is unwound or closed out, or if MFGA's hedge position is no longer able to be maintained.

7. The administrators are in the process of working through with MFGA's various hedge counterparties the status of MFGA's hedge positions.

8. If the underlying hedge position in respect of a CFD position is no longer maintained or has been unwound or closed out, that CFD position will be closed out.

9. If a CFD position remains open:

(a) MFGA is prepared to receive requests to close out the open CFD positions.

(b) You should note that the price or rate at which your CFD is closed out may not reflect market prices or rates but may be dependent upon, amongst other things, the price at which the relevant hedge position is closed out and the extent (if any) to which funds flow from the hedge counterparty to MFGA.

(c) If you wish to give MFGA instructions to close any open CFD positions you have with MFGA, or have already issued instructions, please send or confirm your instructions by email to [cfds@mfglobal.com.au](mailto:cfds@mfglobal.com.au). **Please note you are required to re-issue any instructions issued prior to the time at which this notice has been sent.**



10. Neither MFGA nor the administrators warrant, undertake or represent in any way that MFGA will be able to give effect to your instructions, or that the administrators can take any steps to perform any obligations of MFGA in connection with your CFDs account with MFGA.

11. In respect of any instructions issued to MFGA as provided above, please note:

(a) In many cases MFGA's hedge counterparty is a member of the MF Global group of companies which have, subsequent to the appointment of MFGA's administrators, entered applicable insolvency procedures in their jurisdictions.

(b) Accordingly, the ability of these hedge counterparties to agree to the unwind or close out of hedge positions or, in the case of futures positions, to execute trades to close the positions, is subject to the laws and rules applicable in foreign jurisdictions and the ability of offshore entities, and their relevant controllers, to give effect to the instructions.

(c) That situation is continuing to evolve as the administrators liaise with the relevant parties and decision-makers located overseas.

12. Neither MFGA nor the administrators accept any responsibility for any delay or failure by any third party in relation to the execution of your instructions including, without limitation, any executing broker, clearing participant, settlement participant, external administrator, exchange, clearing house or hedge counterparty.

13. Neither MFGA nor the administrators warrant, undertake or represent in any way that any funds realised through the close out of any positions will in fact be received by MFGA, or when such funds might be received (if at all). The flow of funds to MFGA may be affected by insolvency or other procedures in offshore jurisdictions or in Australia.

## **Statements**

Before the appointment of administrators, you will have received information in relation to your account through account statements and on-line access. Following our appointment as administrators of MFGA, that information may no longer be correct. For example, the statements may not show the impact of any close out of CFD positions since our appointment. MFGA will in due course provide customers with updated information in relation to their accounts.

The administrators of MFGA will provide further updates to clients as soon as it is practicable to do so.

**Christopher Campbell**  
**Joint administrator**  
**MF Global Australia Limited (administrators appointed)**