

Answer to FAQs detailed in the presentation at the first meeting of creditors on 11 November 2011

If I only have a cash balance, why can't I get it out now?

There are number of reasons why we are unable to distribute funds to those clients who only hold a cash balance with MFGA:

1. Client funds are held in segregated accounts identified by product type. For example all CFD client monies are segregated from futures client monies but within product pools there are sub products that are not segregated. Australian, USA, European and Asia futures are co-mingled into one segregated account. Currently MFGA's systems are unable to identify cash held in the segregated accounts to each individual product type. We are working with the Company to obtain this information.
2. Whilst your statement may show you only have a cash position with MFGA some of these funds may be held with counterparties / clearing houses. Until funds are collected from counterparties and the reconciliation process complete we will not be in a position to release funds. We are working to complete this process as quickly as possible, however we are dependent on the provision of data from counterparties.

If I only have cash and no open positions, will my position be impacted by other clients' open positions?

Open positions should not impact cash only client accounts except if cash is held by a clearing house. Also, should there be a shortfall in a client pool then cash only client accounts may incur a shortfall.

Will Futures money be used to pay for CFDs or vice versa?

No. Client segregated funds are pooled according to their respective product category of futures or CFDs.

Will the Administrators take fees from client funds?

The administrator is not able to use monies held in client segregated accounts to pay their fees **without a court order**. This would be a court decision and not the decision of the administrators. Any court hearing would be public and creditors and clients would have notice of the hearing and an opportunity to make submissions to the court before any order was granted.

How long will this process take?

We currently do not have a clear answer on this. Once data has been received from counterparties there are complex calculations that need to be undertaken and agreed upon e.g. as to what methodology is to be applied on the close out of positions and how this will be allocated and reconciled back to client accounts.



Regarding timing, this is still unclear and is dependent on the receipt of information from counterparties. However this is not a process I expect to take a year however I estimate that it may take three months or longer to process and distribute client monies.

Through detailed analysis that is underway, we may be able to allocate cash to client pools or segments of clients within pools, faster than the 3 months stated above. This would be dependent on obtaining legal and regulatory clearance. Our priority is to distribute monies to clients as soon as possible.

What method will be used to calculate closing positions?

It will be based on various matters including the close out information we get from the clearing houses and counterparties. Information is starting to flow from the counterparties on how these positions have been valued and closed out. Once we receive and considered this information my team will review and where applicable use the creditors committee appointed at the first meeting of creditors on 11 November 2011 as a sounding board.

Were there any suspect or fraudulent transactions prior to appointment

There is about \$17 million worth of transactions that we are currently investigating further. At the moment there is nothing that we have identified that would represent a material breach of company policies and procedures. We have not seen evidence to suggest client funds have been misappropriated or moved off shore other than normal trade transactions. However, our investigations are still ongoing.

What will happen to interest on clients' accounts?

The treatment of this interest is a legal matter which is not straightforward. Further review and legal analysis is required before the position can be confirmed.