



Dear Futures Client,

MF Global Australia Limited (administrators appointed)

We refer to your futures trading 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 futures clients to date. This communication confirms to futures clients how MFGA intends to process instructions from them.

Whilst MFGA will not accept instructions to open any new futures or options positions, MFGA will accept instructions to close (or arrange the closure) or transfer (or arrange the transfer) of existing positions.

If you wish to give MFGA instructions in relation to any open futures positions you have through MFGA, or have already issued instructions, please send or confirm your instructions by email to trade@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.

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 futures trading account with MFGA. Relevantly:

1. In relation to ASX24 futures positions:

- (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) (**MFUK**).
- (c) ASX Clear has also suspended the clearing participation of MFUK and has declared an event of default and under the rules of ASX Clear has appointed a default broker to manage the positions of MFUK.
- (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) MFGA is awaiting confirmation from ASX Clear regarding the actions that it has taken and will allocate MFGA's records and the client monies held by it as soon as practicable after ASX Clear has provided the relevant information to MFGA.
- (f) In view of the advice from ASX Clear to MFGA's administrators outlined above, MFGA's administrators recommend that clients proceed on the basis that their positions have been closed.

2. In relation to positions on overseas exchanges, MFGA will endeavour to arrange for the execution of such instructions through the relevant offshore broker or clearing participant at the relevant exchange. However, please note:

- (a) In many cases the offshore broker or clearing participant 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, MFGA's ability to execute close out instructions or to arrange for the relevant clearing participant to transfer 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.

3. Any instruction to MFGA to arrange for the transfer of positions to another clearing participant should be accompanied with full details of the positions and the other clearing participant, so that such instructions can be communicated to the relevant offshore participant or administrator of that participant.

4. Neither MFGA nor its administrators accept any responsibility for any delay or failure by any third party in relation to the execution, delay or failure in the execution of your instructions including, without limitation, any

executing broker, clearing participant, settlement participant, external administrators, exchanges or clearing house.

5. 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.

Before the administrators of MFGA act on any instructions, the administrators may require as a condition of MFGA taking any steps to give effect to those instructions, clients to agree to separate conditions.

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)