

MF Global – UK Update

Author: Victoria Thompson, Associate, London

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The UK special administrators have provided some information for clients with positions with MF Global UK Limited ("MF Global UK"):

- All open client positions relating to foreign exchange (FX) have been or are being closed as of 4 November 2011
- The special administrators are working on providing closing information
- Creditors will receive formal correspondence from the special administrators in the next seven days detailing the process for making a claim

Question to the special administrator: I have open positions with MF Global - what is happening with these?

Answer from the special administrator: The special administrators have said that they and the company staff are working to transfer open positions where possible. Where exchanges and counterparties have defaulted MF Global UK under their own rules, thereby effectively terminating customers' positions, the special administrators have said that they are working closely with them to try to optimise the outcome. The special administrators say they are notifying clients affected by termination events as soon as possible, so they can take appropriate action. These notifications are being communicated through the companies' normal communication channels, and the special administrators are writing to customers. In addition, information regarding which exchanges and clearing houses have closed or terminated trades / positions, and the date on which these were liquidated, is being posted on both www.mfglobal.co.uk and <http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mfglobaluk.aspx>. The special administrators have said this information will be updated as and when the positions of individual exchanges and clearing houses become clear.

The special administrators have advised that all open client positions relating to foreign exchange have been or are being closed as of 4 November 2011 in accordance with the terms of business governing the agreement between MF Global UK and the client.

The special administrators have said they are not yet able to provide closing information to clients who have had their positions closed. They are working to obtain the information needed to provide clients with final pricing and net position information, and will provide that information as soon as possible.

Question to the special administrator: I have received statement information since the administrators' appointment. Is this accurate?

Answer from the special administrator: According to the special administrators, as a result of trades/ positions being closed or terminated by counterparties of MF Global UK since 31 October 2011, certain trade and/or position, price and cash balance data provided by MF Global UK to customers is not necessarily reliable. The special administrators have said that accurate closing prices and statements of final trades and/or positions will be sent to clients of MF Global UK in due course.

Question to the special administrator: I requested my account be closed and funds be remitted to me prior to the administrators' appointment. I was told by MF Global UK staff that these requests had been actioned. However, I have not received the funds. What is the position?

Answer from the special administrator: The special administrators have said that a large number of requests to close accounts made between Friday 28 October and Monday 31 October were received by MF Global UK but not completed. They have said further that notwithstanding that these closure requests were made prior to the administrators' appointment, these accounts fall within the special administration process.

Question to the special administrator: I would like to close my account now and have the funds remitted to me - can this be actioned?

Answer from the special administrator: The special administrators have said that at this point MF Global UK is unable to action requests for withdrawals from client accounts, which are now subject to the special administration process.

Question to the special administrator: My funds were held in a segregated account. Why can't they be released immediately?

Answer from the special administrator: The special administrators have stated that notwithstanding their segregated status, these accounts require to be first reconciled and dealt with as part of the special administration process.

Question to the special administrator: How long will the process to return client monies take?

Answer from the special administrator: The special administrators have stated they are actively working to reconcile holdings and accounts in order to enable assets to be released as soon as practicable, which is one of their formal objectives under the Investment Bank Special Administration Regulations.

The special administrators have said that their investigations to date (which remain ongoing) indicate that the majority of client funds were held at institutions outside of the MF Global Group. The ultimate return of client assets, though, will depend on the special administrator establishing the size of the claims against the segregated and non-segregated asset pools. These will not be finalised until all client risk positions have been liquidated or transferred, and all claims against the pools have been validated.

Question to the special administrator: What is the next stage in the administration process?

Answer from the special administrator: Creditors should receive formal correspondence from the special administrators in the next seven days detailing the process for making a claim.

We have a dedicated team, with experience in insolvency, financing, financial markets and commodities trading, advising clients with assets, positions and other dealings with MF Global. If you have dealings with or exposures to MF Global and would like help with this evolving situation, please contact Kyri Evagora, Georgia Quenby, Brett Hillis, Andrew Cross or Andrea Pincus.

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