

**Minutes of the First Meeting of Creditors of the Company held at Crowne Plaza Auckland, 128 Albert Street, Auckland, 1010 on Friday, 7 December 2018 at 10:30AM**

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**1 Present**

See attached attendance and observer registers as Annexure A.

The Chairperson introduced Stewart McCallum, one of the Administrators, and Michael Harper and Josh Jones of Chapman Tripp, being the legal representation engaged by the Administrators.

**2 Chairperson**

Morgan Kelly, one of the Administrators of the Company, opened the meeting and advised that he would act as Chairperson of the meeting in accordance with Section 239AK of the Companies Act 1993 (Act).

**3 Recording**

The Chairperson advised that the meeting is to be recorded.

**4 Quorum**

The Chairperson noted that a quorum for a meeting of creditors is present if three creditors who are entitled to vote or their proxies are present or have cast postal votes.

The Chairperson tabled the attendance register and advised that a quorum was present.

**5 Notice of meeting**

The Chairperson advised that the meeting had been called in accordance with the notice of meeting dated 29 November 2018, the meeting having been advertised in the New Zealand Herald on 30 November 2018 and in the Gazette on the same day.

**6 Purpose of the meeting**

The Chairperson advised that the purpose of the meeting was to decide:

- whether to replace the Administrators.
- whether to appoint a Creditors' Committee and, if so, appoint its members.
- any other business.

**7 Tabling of documents**

The Chairperson tabled the following documents:

- a. Consent to act as Administrators dated 23 November 2018.
- b. Written resolution of the board of directors pursuant to section 239I of the Companies Act 1993 dated 27 November 2018.
- c. Notice of Appointment of Administrators to Halifax Investment Services Pty Ltd (Administrators Appointed) dated 23 November 2018.
- d. Notice of Appointment of Administrators to Halifax New Zealand Limited (Administrators Appointed) dated 28 November 2018.
- e. Notice of Appointment of Administrators to Halifax New Zealand Limited (Administrators Appointed) and Notice of First Meeting of Creditors published in the New Zealand Herald on 30 November 2018

- f. The Administrators' Interests Statement dated 30 November 2018 which was prepared pursuant to Section 239AP of the Companies Act.
- g. Director's Report on Company Activities and Property received from Andrew Gibbs on 3 December 2018.

The Chairperson noted that the tabled documents are available for inspection by creditors, should they wish to view the documents.

## **8 Administrator's Statement**

The Chairperson tabled the Administrator's Statement dated 30 November 2018. The Chairperson noted that a copy of the Statement may be provided to creditors at the conclusion of the meeting upon request.

## **9 Progress report of the Administrators**

The Chairperson tabled the Administrators' initial report to creditors dated 29 November 2018. The contents of the report were discussed.

## **10 Administration process**

The Chairperson provided a background on the voluntary administration process.

The Chairperson advised that the Administrators intend to make an application to the Court to extend the convening period pursuant to Section 239AT of the Companies Act 1993 for a period of approximately three months to 29 March 2019.

The Chairperson explained that the basis for the application to extend the convening period is that the Administrators require further time to investigate the Company's affairs in order to provide the creditors with a considered opinion as to the Company's future. This is because:

- The administration of the Company is inherently complex given the nature of the Company's business as the provider of financial services and dealings in financial products. Further investigations are required to fully understand the nature of that business and the transactions undertaken by the Company and its investor clients.
- The Company was involved in transactions across different business lines which involved a number of different accounts. It may be necessary for the Administrators to seek directions from the Court as to how to deal with and allocate those funds. Given the complex nature of the transactions, further time is required to understand the transactions and to trace funds.
- The Company has related entities in other jurisdictions and the Administrators are not presently able to determine the role and relevance of certain of those entities save to say that there is a substantial interrelation with Halifax New Zealand Limited (Administrators Appointed) which requires further assessment and may require direction from the Court.

## **11 Company overview**

The Chairperson provided a preliminary report on the background of the Company including:

- The former and current ownership structure and commentary around the former and current directors of the Company;
- The different products that the Company offered;

- The current and former locations of the Company and number of employees currently employed by the Company;
- An overview of the three trading platforms that the Company operated from and the total investments as at 27 November 2018.

## **12 Events leading up to appointment**

The Chairperson provided an update on the events leading up to the appointment of the Administrators.

## **13 Action taken by Administrators**

The Chairperson provided an update on the actions undertaken by the Administrator and their staff. The Chairperson provided an update on the preliminary findings in relation to the investigations undertaken to date.

## **14 Frequently asked questions**

The Chairperson raised some frequently asked questions by investors.

A transcription of the Frequently Asked Questions is provided as Annexure B.

## **15 General discussions with creditors in attendance**

The meeting was opened for discussion and questions from creditors in attendance.

A transcription of the general discussion is provided as Annexure C.

## **16 Questions from creditors attending via webcast**

The meeting was opened for questions from creditors attending the meeting via webcast.

A transcription of the general discussion is provided as Annexure D.

The meeting was adjourned at 12:18 PM to discuss the upcoming resolutions.

The meeting was reconvened at 12:33 PM.

## **17 Resolutions**

The Chairperson advised that a resolution put to the vote of the meeting must be decided on the voices unless a poll is demanded, before or on the declaration of the result of the voices. The Chairperson advised that where a poll is demanded, a resolution will be declared as passed where a 50% of the number of votes cast, and 75% of the value of votes cast are in favour.

## **18 Voting and use of casting vote**

The Chairperson advised that it is the Administrators' intention to admit each creditor classed as an 'investor' who has lodged a proof of debt, irrespective of the amount claimed, for \$1 each for the purpose of voting at the meeting.

The Administrators are of the view that admitting an investor creditor for \$1 is fair in the circumstances as it allows the potential creditor the opportunity to attend today and vote.

The Chairperson confirmed that by admitting an investor creditor for \$1 the creditor is allowed the opportunity to attend the meeting and vote on resolutions to be put to the body of creditors. The Chairperson confirmed that this decision by the Administrators does not reflect in any way the final position that may be determined in relation to creditors' proofs of debt.

The Chairperson advised that should an investor creditor wish to challenge the decision through the Courts and such objection was sustained the vote in question may be declared invalid (depending of course on the voting numbers recorded).

It was noted by the Chairperson that investor creditors have 10 business days from the date of the first meeting of creditors to appeal the Administrators' decision by lodging a Court application should investor creditors wish to do so. The costs of this application will be borne by the individual creditor.

The Chairperson noted that if necessary, an Administrator can ask a creditor for more evidence if required, and this is likely a process will not be undertaken following this meeting as the Administrators seek to understand the business better.

The Chairperson asked for any questions.

## **19 Appointment of Administrators**

The Chairperson advised that pursuant to an Instrument of Appointment dated 27 November 2018, Morgan Kelly, Phil Quinlan and Stewart McCallum were appointed Administrators of the Company.

The Chairperson advised that pursuant to Section 239AN of the Companies Act 1993, creditors may, by resolution, appoint someone else as Administrator of the Company, and before the resolution the person named in the resolution is considered, has tabled at the meeting:

- a signed, written consent to act as administrator
- an Administrators' Interests Statement.

The Chairperson noted that there were no other nominations for Administrator and announced that the Company's appointment stands and accordingly, Morgan Kelly, Phil Quinlan and Stewart McCallum remain as Administrators.

## **20 Creditors' Committee**

The Chairperson advised that the functions of the Creditors Committee are to:

- consult with the Administrators about matters relating to the Administration; and
- receive and consider reports by the Administrators.

The Chairperson advised that the committee must cannot direct the Administrators, but the Administrators must report to the committee about matters relating to the administration as and when the committee reasonably requires.

The Chairperson then tabled nominations received for the Creditors Committee and called for any additional nominations. The Chairman noted that the nominations received included details of any transactions which those nominees contemplate entering into with the Company during the course of the administration.

It was proposed by Ashley Arrowsmith, and seconded by Christopher Kalinowski as proxy of Joanna Kalinowski that:

*"That a Creditors' Committee be formed"*

The Chairperson called for any additional nominations.

The motion was declared carried on the voices.

It was proposed by Ashley Arrowsmith, and seconded by Christopher Kalinowski as proxy of Joanna Kalinowski that:

*"That a Creditors' Committee be appointed comprised as follows:*

- |                             |                        |
|-----------------------------|------------------------|
| — Kevin Chen                | — Nina Jensen          |
| — Jens Classen              | — Xian Dahlberg        |
| — Darren Coyne              | — Muni Goundar         |
| — Alexander Kiechle-Cornish | — Sean McCarthy        |
| — Lynley Lee                | — Sirshen Naik         |
| — Carl Sayers               | — Jaroslaw Dobrowolski |
| — Ashley Arrowsmith         | — Yong Cheng Duan      |

The motion was declared carried on the voices.

The motion was declared carried.

The Chairperson noted the following nominations had been received prior to the meeting:

- Chen Wang
- Jaroslaw Dobrowolski
- Sean McCarthy

Chen Wang confirmed he no longer wished to nominate for the Creditors' Committee.

## **21 Closure of meeting**

The Chairperson advised that a circular would be forwarded to creditors advising them of the next meeting.

The Chairperson declared the meeting closed at 12:40 PM.

Signed as a correct record.

Morgan Kelly  
**Chairperson**

**Attendance Register – Halifax New Zealand Limited (Administrators Appointed)**  
**Company Number 2130897**


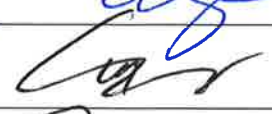
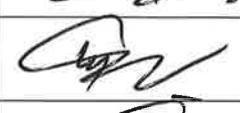




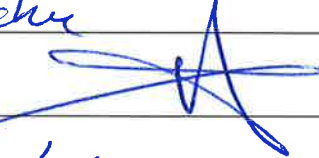
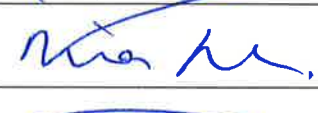

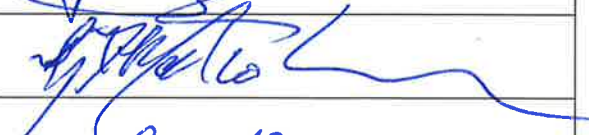
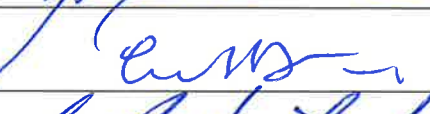
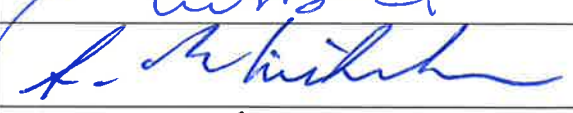

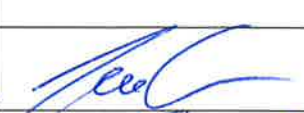
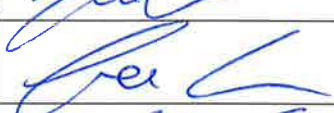
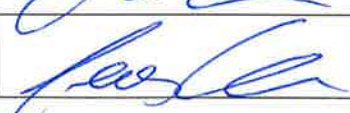
**Administrators:** Ferrier Hodgson: Morgan Kelly, Phil Quinlan and Stewart McCallum

**Company:** Halifax New Zealand Limited (Administrators Appointed)  
 Company Number 2130897

**Meeting Type:** First Meeting of Creditors

**Meeting Date/Time:** Friday, 7 December 2018, 10.30am

**Meeting Location:** Crowne Plaza Ballroom, Crowne Plaza, 128 Albert St, Auckland 1010

Card No.	Cardholder Name (PRINT NAME)	Signature
366	CATHERINE GLOVER	
176	MUNI Gounder	
177	MUNI Gounder	
367	MUNI Gounder	
368	JARON PHILLIPS	
182	Alexander Kiechle - Cornish	
183	Alexander Kiechle - Cornish	
186	CHRISTOPHER MALINSON	
188	NINA JENSEN	
189	Halper. me	
191	David Malcolm	
193	Jackson CW LAU	
195	Ladnew Whitehead	
197	Edwin Leonardi Liang	
199	Rajinder Singh Sidhu	
201	Jens Claassen / <del>Stewart McCallum</del>	
202	Jens Claassen	
204	Jens Claassen	

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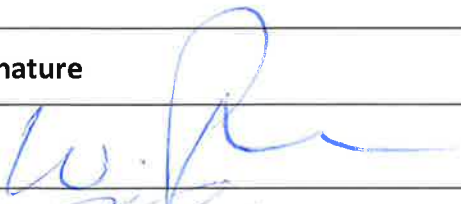






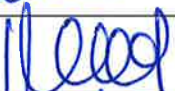

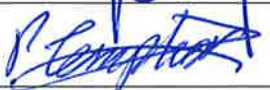
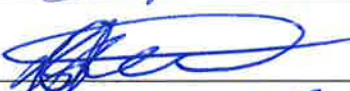

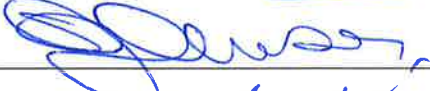


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Card No.	Cardholder Name (PRINT NAME)	Signature
369	Wayne Parker	
370	John David Boyes	
371	SITTING BROTHER	
372	Stephen Reeve	
373	Sarah Buchanan	
374	Neville Garda	
375	YONGNING HU	
376	Paul Van Dorp	
377	Paul Van Dorp	
378	Paul Templeton	
379	DOMINIK FIRSOW	
380	Sabine Lahrsow	
381	Sarah Johnson	
382	Lifang Chen	
383	Kenneth Kuang	



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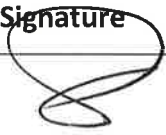









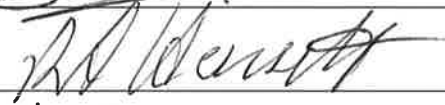

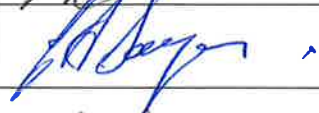
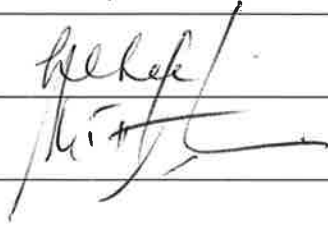
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Card No.	Cardholder Name (PRINT NAME)	Signature
175	STUART ARROWSMITH	
178	ASHLEY ARROWSMITH.	
179	GEORGE ORMEROD	
180	LIES WHITE	
181	Thomas Zhao	
184	Hamish Carter	
185	Kay Miller	
187	David McLister	
190	Zhicheng Liu	
192	BRETT DOWNEY	
194	RORY HASSETT	
196	Yunqin Guo	桂云月
198	Reiqin Guan	关佩琪
200	Nigel Snel	
203	CARE SAYERS	
206	lynley lee	Rebec
207	lynley lee	Rebec
209	MARK HEPBURN	

Attendance Register – Halifax New Zealand Limited (Administrators Appointed)  
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Company Number 2130897

### Administrators:

Ferrier Hodgson: Morgan Kelly, Phil Quinlan and Stewart McCallum

**Company:**

Halifax New Zealand Limited (Administrators Appointed)

Company Number 2130897

**Meeting Type:**

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**Meeting Date/Time:**

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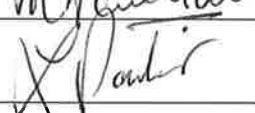



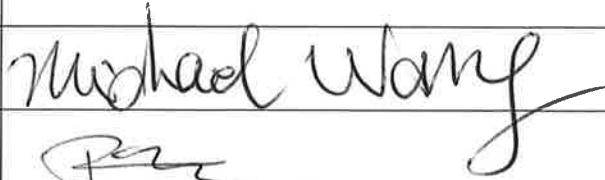
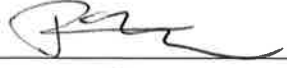
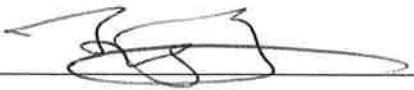


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Card No.	Cardholder Name (PRINT NAME)	Signature
2	Ohen Wang	
3	Yongcheng Duan	
4	FLORIAN SIEGGER	
6	DANIEL MEDINI	
8	YANG ZHOU	
10	HONG PEI VI	
12	Manae Panthake	
15	Louise Parker	
17	M. P. BARRY	
18	A. SLAUTEN	
20	"	
21	"	
23	Michael Wang	
24	Pei pei Xu	
25	Jing Zhang	
26	Jing Zhang	
27	Xiao Dahlberg	

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**Company:** Halifax New Zealand Limited (Administrators Appointed)  
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**Observer Register – Halifax New Zealand Limited (Administrators Appointed)**  
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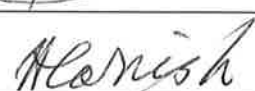



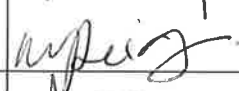




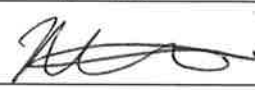



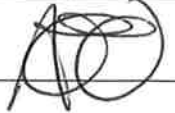
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Please <i>PRINT</i> Name	Company (PRINT NAME)	Signature
K Rhodes		
Thomas Zhao	<del>University of Auckland</del>	
Chaobo Li		
Daniel Williams	n/a	
Heather Arnish	N/A	
Scott Miller	Delta Capital Investments	
TRISH SHERSON	SHERSON WMS	
HARRISON BAILEY	FERRIER HODGSON	
Madison Reidy	R.N.Z	
Amanda Cheng	Chapman Tripp	
Justin Scars	Angus Scar	
RAVINESH CHAND	CROW FINANCE	
Everet Daine		
Natsumi Komaru	Self	
Daniel Hay	Self	
Sarogam.	GPM Markab	
RICHARD GARRICO	HILL FAY	
Andy Crow		

Observer Register – Halifax New Zealand Limited (Administrators Appointed)  
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Observer Register – Halifax New Zealand Limited (Administrators Appointed)  
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## Annexure B

Okay, now I'm going to run through some frequently asked questions at this point and then after that I'm going to open up to questions from the floor.

The first frequently asked question that we've had has been **what happened to Halifax and why?** I think I've already discussed that but the administrators were appointed to Halifax New Zealand because the parent entity was placed in voluntary administration because it identified the deficiency in investor funds and determined it was insolvent or likely to become insolvent.

**What is the administrator's role?** To take control of Halifax, displace the powers of Halifax's directors, secure the assets and investigate the circumstances surrounding financial difficulty and report to creditors on the outcome of our investigations. As I mentioned before, our primary interest at the moment is investor funds and identifying how and when we can return investor funds to investors and clients.

**What is the status of my trading position?** All investor accounts have been switched to close only mode so it's not possible to continue positions nor to withdraw money from client accounts. However, it's possible to close out the current positions. All investor accounts have been frozen pending a full reconciliation of assets and client entitlements. That involves an investigation of what investors are owed and how much is available to repay investors. We've commenced that work and will keep investors updated on the estimated timeframe for this process.

**Will I get my money back?** At this stage, it's not known whether investors or which investors will be repaid in full. We're undertaking an urgent review of the financial position including a full reconciliation of assets and client entitlements. We'll keep investors updated on the estimated timeframe of this process. All bank accounts were frozen upon our appointment but we have identified a deficiency of \$10 million, \$20 million. Now as I mentioned before, some investors will be in different buckets. Not everybody will be subject to the same timeframes and the same timelines as everybody else. The MT4 and MT5 platforms that I put up on the screen before have one account where everyone's blended. Whereas with the IB platform some of those are actually easy to trace so people who are on the IB platform may in fact have a clearer path to a return. Having said that, there's still the question of beneficial ownership and custodians and intermediaries between Halifax and between the actual investments so it's not completely straightforward. To give you an idea of some of the timeframes, Sonray Capital which is a very similar organisation to Halifax, has taken around three years to resolve and three years to unwind those positions. That doesn't mean at the end of three years you get your money because as we progress we will likely be making interim distributions or some investors may receive their funds before others, some may receive them very, very quickly. In the case of Halifax New Zealand there may even be a deed of company arrangement proposed by the director. As an aside, Halifax New Zealand was always quite a profitable organisation so its problems appear to be purely as a result of the issues that have arisen in Australia. There is a possibility that the Halifax New Zealand entity might be able to continue to trade at the end of this. That'll become clearer as our investigations progress.

The next frequently asked question was **how long will the process take?** I think we just answered that.

**How do I close out my position?** If you wish to close out your position you can do so by logging onto the platform and completing the process to close out your account just as you've done normally.

**Why are we no longer able to enter into new trades?** The company ceased to operate in the normal course and is unable to enter into new trades. As administrators, we can't preside over the situation getting worse or increasing the exposure to investors.

**My investments were undertaken through Integrated Brokers into a segregated account. Is my money safe?** As part of the reconciliation of client funds the administrators are reviewing the legal relationships which exist between all parties including the various platforms, the company and its investors. An element of this process will involve reviewing the implications of any funds which are held in segregated accounts through IB. At the moment it's too early to provide a definitive view on those relationships.

**What will happen if I do not close out my position?** As administrators, we're unable to advise investment advice. All open positions continue to be subject to market movements until such time as they're closed. We

haven't taken any action to close positions at this stage and will continue to communicate with investors as and when anything changes in this regard.

**How will you deal with the fact that my position is moving daily based on market movements?** We understand in many cases investor positions will be changing daily. The amount that you've entered on your proof of debt claim forms for the purpose of the meeting are for voting purposes only today. These don't constitute your claim in the administration. We'll undertake a claim analysis as part of the reconciliation process and investors will be updated in due course. If you leave your account open, any gains or losses that are made will be determined by the relevant court in time if we need to get court orders on how distributions will work.

**Why are investors being called creditors?** Some investors may be regarded as beneficiaries of a trust the assets of which are the available pooled funds arising out of the segregated account. Any shortfall from the available pool where beneficiaries rank *pari passu*, that means everyone ranks equally, are likely to be unsecured claims against Halifax for any deficiency. It may be the case that some investors are not creditors at all and in fact are debtors of Halifax.

**If I'm a broker will my commissions be paid?** All claims are subject to the moratorium imposed by the Companies Act so these commissions will be assessed when formal proofs of debt are called for. Unfortunately, advisors are ordinary unsecured creditors, they're not investors so they'll rank as ordinary unsecured creditors.

**Are the administrators able to make a claim against the directors professional indemnity insurance policy?** As part of the administration process we are investigating all avenues available to recover funds on behalf of investors and creditors. This may include a review of any insurance policies in place. As this review is currently being undertaken in its entirety I can't actually advise on our ability to make a claim on those policies and we don't actually have a quantum of what we're going to claim for. But we have notified all of the insurance counterparties.

**How do I know if I'm a creditor of the Australian entity or a creditor of the New Zealand entity?** As part of the reconciliation process we're undertaking we're reviewing the legal relationships between the Australian and New Zealand entities and all of their respective investors. Once we've determined the parties who appear to be creditors of each entity we'll communicate with those parties directly. If you think you're an investor of either entity you should contact Ferrier Hodgson to submit a proof of debt claim.

**What is the FMA doing?** The administrators are working closely with the FMA to assist with their enquiries and the FMA are monitoring our progress with regular meetings.

**Why do the administrators feel that the convening period should be extended?** An extension of the convening period allows the administrators to fully investigate Halifax's circumstances to assess and report the options available to creditors at the watershed meeting. Given the complexity of the information that we need to work through this is required. It's an inherently complex process and it will require the administrators to undertake further investigation to fully understand the nature of the transaction flows and the relationships between the different investors.

Those are the frequently asked questions.

## Annexure C

I'll just take some questions from the floor at this point. If anyone has any questions that they'd like to raise that we haven't covered yet please, if you just come up to the microphone and identify yourself before you ask the question.

- Jens Claussen: My name is [Jens Claussen], 201. With regard to jurisdiction, you mentioned on Wednesday that shares might not be in our name because of the cash flows might be tainted with other cash flows and that's a very tight legal decision made in the High Court in Australia. Do you expect a different outcome from the High Court in New Zealand and would that apply?
- Morgan Kelly: I don't know the answer to that yet but if there are any court orders that are sought in Australia we'll need to mirror those with applications in New Zealand. We'll be running any court process in Australia in parallel with New Zealand courts. That said, the different classes of investors are going to be facing different dynamics and potentially different classifications. There could be another layer to that classification. For example, if you're on the MT4, MT5 platform you may end up being subject to a different timeline or a different process.
- Jens Claussen: No, I think my question is as a New Zealand investor with a New Zealand company are we under New Zealand law and the FMA or are we under the Australian law and have to deal with this?
- Morgan Kelly: Sorry, to be very clear, we're subject to New Zealand law, we're subject to the New Zealand courts and we're subject to the oversight of the FMA.
- Jens Claussen: Good, thank you.
- Morgan Kelly: No problem.  
Yes, please.
- Andrew Whitehead: 195, [Andrew Whitehead]. I've got the first question. How much insurances were the insurance companies with Halifax with their insurance?
- Morgan Kelly: How much in terms of limits for insurances?
- Andrew Whitehead: Yeah, liability.
- Morgan Kelly: I can't answer that. I think the directors' and officers' insurance for the Australian entities I think around \$20 million. I think. There was also separate insurance policies for different products which were offered by third party providers. I'm not sure what the limits are on those. What I can tell you is we've notified the insurers and notified counterparties and we will be pursuing that if we need to.
- Andrew Whitehead: Thank you. The second question is the \$211 million - is that original investors' money that has been put through Halifax into the investors' accounts?
- Morgan Kelly: That's a good question. What the \$211 million is if you were to log on to a Halifax platform and look at your account and how much you have in your account, that's the number that you would see but that's not necessarily reflecting what's really and truly behind that. You might believe you have \$1 million in cash in that platform but the \$1 million may not actually be there. That's just what's being reported to you. The \$211 million is what the investor balances ought to be but that's actually supported by \$190 million in actual cash and assets.
- Andrew Whitehead: Thank you.
- Morgan Kelly: No problem.  
Yes, just please approach the microphone and introduce yourself. We've just got one question over here, sir.

Unidentified Male 1: 177 is my number. I have got another three accounts. I'll just mention 177 because it's all under my own name. I've got four accounts. My first question is, I believe all the New Zealanders in Halifax New Zealand Limited have segregated accounts and I also, through my research, that we should be all safe and our accounts shouldn't have been frozen to date.

My second question is, you have said there are about \$211 million in funds of investors. Out of that you recovered about \$190 million. There's a difference of \$11 million more. Are the New Zealand investors a party to that loss or if that loss, as you found out through your investigation, is it from the other end or from the New Zealand end?

Morgan Kelly: Yes, sir, that is the question. That is the question that we're trying to answer.

Unidentified Male 1: The question is the New Zealand investors in Halifax New Zealand Limited are liability for that loss or is it only one part of the investigation that you have found out from Australia that it's a loss from that end?

Morgan Kelly: What we've done to date is that we've identified the deficiency. The next step of that is to identify where the deficiency presents. Now that may be complicated because some of the accounts are shared. There's potentially a mixing of funds across different platforms, potentially. This is the issue that we're trying to resolve. The key concern we have now is to say we believe we've identified what we think the deficiency is, now where is that deficiency? Is it in the IB platform? Is it in the MT4 platform or MT5 platform? That's what we're urgently going to come back to you with.

You've hit the nail right on the head. That is precisely the issue that we need to resolve quickly. We don't know the answer to that. That's what we're working on.

Unidentified Male 1: I have invested my money into New Zealand Halifax account regulated and licensed in New Zealand.

Morgan Kelly: Yes.

Unidentified Male 1: As far as I believe that it is a separate entity. Along with my four accounts that I opened with Halifax, I also referred to Halifax New Zealand Limited 21 other accounts which are from offshore like Euro zone, from Bulgaria, Germany and all sorts. Accumulatively I've been frozen US\$500,000 accounts and Euro dollar accounts. There are two sets of accounts that I am running on platform MT5, a total of \$500,000 I have converted into US dollar which is \$500,000 approximately.

The question I am going to ask is Ferrier Hodgson has frozen my US dollar accounts. To my understanding US dollar accounts are virtually managed by US banks. Has the liquidator or administrator the right to freeze my US and Euro dollar accounts accumulatively with my friends' accounts?

Morgan Kelly: That's a very good question. The fact is that some of those accounts although they are supposed to be segregated some of them are in fact mixed. Your accounts that you're seeing on the platform may be - the reason why we froze them is some of those funds may be combined with other funds, particularly on the MT4 and MT5 platforms in one account.

Although you can see on the Halifax - and I understand that this is extremely distressing to hear but what was happening is that when you were opening accounts with Halifax New Zealand there was a straight pass through to Halifax Australia. Some of the funds from the MT4 and MT5 platform are all blended together with various investors in one account.

It may well be that your positions are completely secure and it may well be the case that we notify you in a few weeks' time and say here are your funds and everything's fine because we've been able to identify them.



The reason why we froze them is that we are going through an exercise of working out who sits where and whose funds are actually mixed or combined and how we best allocate the \$190 million we have to the investors that have entitlements to them.

The short answer is that I understand exactly what you're asking me and I can't answer your question today but that's what we're trying to resolve.

Unidentified Male 1:

Yes, I understand you. Let me verify and clarify to you that all my platform is MT5. It clearly states a US dollar and a Euro dollar account. It's only two currency [at trade]. I don't think there's a mismatch there. It's a clear-cut account in those currencies.

Finally, I want to ask you something, if you can explain to all these investors here. We received mixed messages first from Australia saying that Halifax Investment Services Pty Limited has gone under liquidation. We had another message received from Halifax New Zealand Limited saying that all the New Zealand investors are safe, we are solvent and there is no problem, just to give us some buffer that we have the strength to stay at that, it's good.

Later on, we received letters from Australia Investment Halifax saying that they have gone under administrator. From my research I found administrator word is alternate name for liquidator. We are puzzled. You are liquidator or an administrator?

The second point, administrator comes into the picture just to run Halifax New Zealand like a life support. Indirectly we all are into liquidation state. We as segregated account holders in Halifax New Zealand Limited need some assurance from you as to where do we stand because I'm very concerned. I'm a bit frustrated and annoyed but I need to control myself with due respect to ask you where do I stand to this current position here? Where is my money? Who has got the control of my money when I'm not even allowed to trade nothing.

I have to frankly tell to you, I've got \$1.5 million open position shares which I'm blocked. I cannot either contra buy or buy other shares to contra that negative to close it off.

The question is, for how long are you going to freeze my platform or freeze my money that I cannot move either back or front? I'm sort of stuck. That's my final question.

Morgan Kelly:

Those are all very fair questions and I understand your frustration with the process. It's perfectly reasonable under the circumstances.

What I'd say to you is that first of all Stewart McCallum, Phil Quinlan and I are administrators of Halifax Investment Services Australia and we're voluntary administrators of Halifax New Zealand. The administration process is different to liquidation. It can end in liquidation but it can also end in some form of rehabilitation. Administration is a non-terminal administration or a process. What that means is that if a company goes into voluntary administration there is a possibility it could emerge.

The reason why directors often embrace the voluntary administration process is because it's an immediate appointment and in circumstances where a business is insolvent, the directors might want an immediate solution or immediately to put the company into administration to avoid further liability for their conduct if the business or the company is in some form of financial distress.

Now having said all of that, to be very, very clear both companies are in administration and at this stage, we don't know exactly what the outcome is likely to be. For example, the New Zealand business may emerge from this process and may continue to operate. I think it's highly unlikely the Australian operation will. I think the Australian operation more likely than not will end up in liquidation but we'll see.

Now when it comes to your standing as an investor you're effectively a trust creditor. The simple answer to you is that you have a claim against the investor funds that Halifax holds on your behalf or other parties hold on your behalf. Your claim is informed by the different products or the trustee relationships that arise out of those. For example, you

might be the beneficial holder of some shares or you might be the beneficial owner of some cash that's in a bank account.

The quantum of your claim is obviously informed by your account and your account balance. You are a creditor, potentially what we would term a trust creditor because you have a claim under a constructive trust to those funds. What that means is that the \$190 million that's there which is investor funds is for you and for the creditors that are in your category if you like. The electricity provider or the inland revenue doesn't have access to those funds. They're only for you.

Now how long are the funds going to be frozen for? They're going to be frozen for as long as it takes for us to work out how we can best distribute those back to investors. I can't give you a definitive answer at the moment but at the next meeting of creditors we'll be giving you some clearer timelines in terms of how that's going to become unfrozen.

It may well be as I mentioned before, different investors on different platforms, for example, an IB investor or an MT4 investor or an MT5 investor may have different timelines and we may have to resolve some of them quicker than others but we're not in a position today to be able to tell you how that's going to work.

Unidentified Male 1: Lastly, in your notes you said you'll be charging per hourly basis to whatever work you do for Australia and us.

Morgan Kelly: Yes.

Unidentified Male 1: If you can provide a sort of standard figure to all of us, per hour basis so that based on your timeframe we can calculate. At the end of the day it's going to cost from our pocket as well because you have our money. We are interested to know roughly per hour how much you'll be charging for.

Morgan Kelly: I understand that. We're not allowed to take money out of those trust assets so we're not allowed to take money out of those investor funds. However, we may make an application to the court to allow us to access those funds. In some cases there are precedents where administrators have applied to the court to have permission to access trust funds to pay legal fees and accounting fees for processing the investor funds and investor creditors and returning them. That's a possibility.

We've estimated that our costs for the voluntary administration, legal and accounting costs, could be in the order of \$350,000 for the voluntary administration of Halifax. There's different ways that - generally administrators get paid out of whatever assets the company has. There's significant overlap between Halifax Australia and New Zealand. Some of those costs are being borne by Halifax Australia. The Halifax Australian end is paying some of those expenses for the New Zealand operation. Some of them are being funded by the funds in Halifax New Zealand and ultimately it may be the case that some of those are funded from investor funds provided the court provides a blessing for it.

All of these things will be determined by the court if we get to that stage.

Unidentified Male 1: Thank you.

Morgan Kelly: No problem.

Nachiket Moghe: My name is Nachiket, I'm number 212. Just a clarification. I've got significant investments in shares through the Interactive Brokers platform. Just wondering, I was given to understand the custody of the shares actually are with IB. I'm just confused as to who actually holds those shares.

Morgan Kelly: Yes, that's a good question. The shares in those circumstances are usually held by a custodian. You give your money to Halifax, Halifax gives it to another third party and they buy the shares on your behalf but they might be buying shares for 1000 people and holding them all separately and holding them all on beneficial trust.

If you've bought, for example, shares in Apple through that platform your name doesn't actually appear on the share registry for Apple. It's the custodian's name. That's where you have situations that arise of trust and beneficial ownership. You are the beneficial owner of those shares but someone else is legally the title holder to those shares. That can create some complexities.

Where, particularly over the passage of time, there's a variety of losses across the same portfolio held by the same custodian we have to get court orders potentially to govern how those are returned in some circumstances. In other circumstances we may be able to just give you back your stocks.

Nachiket Moghe: Right, okay. The \$190 million that you're talking about also includes those investments in shares, does it?

Morgan Kelly: It does. It's moving by the minute.

Nachiket Moghe: Yes and the other thing too is am I able to sell those shares or I can't sell the shares at the moment?

Morgan Kelly: You can close your position but if you do, the funds will still be locked up. They'll still be frozen until we've unwound where everything is.

Nachiket Moghe: Right so I can sell, say, Apple shares and have cash in my account but I can't withdraw the cash?

Morgan Kelly: Correct.

Nachiket Moghe: Okay, cool.

Morgan Kelly: No problem.

This gentleman's been waiting for a little while. Can I just get to this person first?

Morgan Kelly: You didn't completely answer his question. If you are a registered share owner then what happens?

Morgan Kelly: If you're the registered shareholder?

Morgan Kelly: Yes.

Morgan Kelly: If your name is on the company register?

Morgan Kelly: Yes.

Morgan Kelly: If you're the registered shareholder it's possible that you're in a different category and you may be treated differently. We'll have to work through those.

Daniel Medini: Hi there. I'm [Daniel Medini], number 6. My question also pertains to the relationship between the IB platform and Halifax's accounts. Was IB merely acting as the front facing party to this relationship or do they have actual access to the funds themselves that they were able to verify the shares were purchased and the money had actually gone through? Or was it merely the platform and they were taking it on faith from Halifax and that Halifax is holding all of the actual funds? Is that...

Morgan Kelly: Sorry, I might get this wrong so I might need to clarify this later. My understanding was IB acted as the platform but there are funds - when we say there are funds in IB, Halifax doesn't hold the funds or hold the assets. IB does with counterparties. That creates a different dynamic and a different scenario. The situation isn't a pretend one where there's actually a shadow account held with Halifax and IB doesn't actually hold anything. IB has assets and it has cash.

Daniel Medini: Can you just clarify that slightly for me? Of those \$190 million that belong to the IB platform, that's not actually within accounts that Halifax - the tangible assets aren't actually in Halifax's bank accounts, they're in I suppose another third party that...

Morgan Kelly: Yes, correct. IB will have accounts with JPMorgan or Citibank or Bank of America or whoever for some of those balances. Some of them may be in Halifax accounts but again, these are the issues that we're trying to resolve with where the funds are.

Daniel Medini: You guys are in communication with IB and able to - are they helping track down the actual finances for those?

Morgan Kelly: Absolutely.

Daniel Medini: Okay.

Morgan Kelly: Absolutely. That's a key part of our investigation.

Daniel Medini: Thank you very much.

Morgan Kelly: No problem.

Shane: 371. My name's [Shane]. Just my observation, I was just trading foreign exchange and through MT4 and from what I understand so far, if clients have got Interactive Brokers accounts, they're out of - that money's not sitting in Australia, it's sitting overseas with a third party.

Morgan Kelly: Possibly.

Shane: In that particular instance, Halifax were just white labelling Interactive Broker's platform and Interactive Brokers were doing all the back end and keeping the money. Would people with an Interactive Brokers or quasi account through Halifax which I don't have, are they in a better advantage? Because all of their money hasn't been touched by Halifax, has it?

Morgan Kelly: It's too early for me to say that. That's one possible...

Shane: It's probably not. It's probably not because IB wouldn't let those trades go through without having full security in place.

Morgan Kelly: [Yeah], Shane [unclear].

Stewart McCallum: If I can just clarify for the room what the situation with IB was. So investors would put money into Halifax. That made its way through three different accounts on its way to Interactive Brokers, but not every dollar went across to Interactive Brokers. There was a buffer held at the Halifax end so that as people executed cell trades via Interactive Brokers, then instead of money having to go across from Halifax to Interactive Brokers all day every day, that there was a buffer held with Halifax. So Interactive Brokers are sitting on a pile of money but not every dollar. There is some still sitting in Halifax that was used as a buffer that Interactive Brokers said, what we need to see Halifax is that you've got some money sitting there and then we will continue to trade.

Now, where that leads to in terms of the tracing, because investor's money, physical cash, has gone through three different accounts and it's not dollar for dollar sitting in Interactive Brokers, that's why it's not possible for us to say at the moment Interactive Brokers investors are okay because there is money still sitting in Halifax.

Shane: Okay, so out of the \$190 million, how much of it sitting in Australia that's tangible, that if you went to the bank you could see it in - like how much of that is sitting...

Stewart McCallum: I think it's around about the \$5 million, I think, but we don't know yet whether that's Interactive Broker's money, whether there's been transfers out of those accounts into accounts of MT4 and MT5 holders. We don't know the extent of any taint of those funds. Also if those funds are tainted, let's say there's a deficiency and there is, whether that deficiency actually carries through to the money that Interactive Brokers is sitting on, you know, whether the deficiency flows all the way through. That's ultimately the issue that the high court in Australia had to grapple with on Sonray. Just how far the taint goes.

Shane: So the other \$185 million is spread out amongst a whole variant of different brokers and banks. Is that right?

Stewart McCallum: That's right and that other \$185 million is not just Interactive Brokers, that's open positions on all of the platforms.

Shane: Yep and all of it is achievable to be got back?

Stewart McCallum: Oh yes, Interactive Brokers have been - they've been very good. They have frozen everything and yes, when the time comes we won't have any issue about getting those shares and the cash that IB holds back.

Shane: Okay. So of the \$190 million that you talk - you couldn't just - we couldn't just wake up tomorrow and find out that that's only \$35 million that's able to be got back.

Morgan Kelly: Oh look, I'd be very surprised. That's, you know, we're a week in and what we're doing in terms of solidifying that \$190 million is working on the information that's at Halifax, cross referencing that to what investors are telling us they think their positions are throughout this process and also triangulating that with the third party information that Interactive Brokers are providing us as well. So we're a bit confident that that \$190 million is actually there and it's not - we're not going to wake up tomorrow and that's \$40 million or \$50 million.

Shane: Yeah and so if that \$190 million is sort of at your fingertips or a week or a couple of weeks away, why don't you just give us half our money back and drip feed us the rest of it?

Morgan Kelly: That's a good question as well. That's because we don't know what you're entitled to. So we don't know what investors are entitled to. We can't say and we're not - well we can't say now, yes, Interactive Brokers are entitled to all the shares that they hold or 100 cents in the dollar. MT4 platform investors clients are entitled to \$0.50 in dollar, whatever the numbers might be, we just don't know.

Shane: But that chart sort of makes it look like that. Like Interactive - with Interactive Broker clients which make up the majority of the money that's sitting there, it would appear that they were going to get the majority of theirs. So when you're talking about a 10, well you were talking about a 10 or 15 per cent loss for MT4 people, which is me, that's not going to be the case. Because by the time all of the Interactive Brokers have had, Interactive Brokers clients have had their money back, there will be such a small pot, we would be facing a 40 per cent loss.

Morgan Kelly: Well not necessarily.

Shane: [Tell the truth].

Morgan Kelly: Not necessarily and look, it's a bit sort of dangerous, for want of a better word, to throw these numbers around like 40 per cent and 15 per cent and 10 per cent at this time.

Shane: You came up with the numbers before so you should be able to carry on.

Morgan Kelly: Okay. I was using that as an illustrate point Shane. We've been here for a week. I understand that you're frustrated and I understand that you want to know where your money is. I do get that. We've got as far as we've got so far with our investigations and our priority is to unwind this position and work out who's entitled to what. We can't hand out - if you've - if one creditor, for example, is facing a complete loss for whatever reason, because of the platform they're on, we can't distribute everyone 50 per cent of the funds that they're owed if we're taking money away from one person who's entitled to it and giving it to another. If we do that we'd be getting ourselves into some hot water from stealing from one person to enrich another.

So we do need to have a strong understanding of the relative positions of all investors and all classes of investors and probably have a significant amount of court involvement as well.

Shane: [Unclear].

Morgan Kelly: Shane, I just want to make it really clear, we're actually on your side. We are the ones that are trying to get your money back. We're not trying to withhold funds from you, we're not trying to slow the process down and we didn't cause the situation. We're trying to unscramble it and we're trying to find your funds and to get them back for you.

Shane: Got all that but looking at those charts I would hazard a guess that there's a different picture that's going to come out. My final question is, so on Friday, the day of the administration in Australia, I deposited some money or did a transfer to a New Zealand bank account, to add to that account and I can't get that money back. Why's that?

Morgan Kelly: Well all the accounts are frozen. We've frozen all accounts on appointment. So accounts can - funds can be deposited into the accounts but they can't be withdrawn. Once again, the reason why that's been done is because it's our obligation to ensure that the situation doesn't get any worse, so we have to freeze the appointment. If you've deposited money after we got appointed and cash has gone in post appointment we can return it to you.

Shane: It was on the day the Australian liquidators were appointed.

Morgan Kelly: The administrators were appointed in New Zealand on Tuesday, the following Tuesday.

Shane: Yeah, so it was before that.

Morgan Kelly: Look, the accounts are frozen. We have to freeze the accounts and we have to preserve the position as we found it while we work our way through and work out how to distribute the funds.

Shane: Yep. I mean I'm going to be on this.

Female: [Unclear] New Zealand accounts on Friday ...

Morgan Kelly: Could I ask you to identify yourself please for the...

[Inaudible discussion]

Morgan Kelly: Sorry, who's next?

Andrew Whitehead: Andrew Whitehead 195. I rang Interactive Brokers about a day or so after my accounts were frozen and they informed me that those accounts were in my name. I had four accounts with them and they were owned by me and that Halifax and I had right to them and they were my property basically. My money that had been put in. Obviously when a transaction is done from New Zealand if it's changed, like my first account was, into Australian dollars and there's a difference that appears and Halifax was taking up the one per cent for that until in the end I did my own change of currently.

So I was informed that and then a couple of days later they tried to tell me they couldn't find those accounts, somebody else, because they wanted to separate themselves. Those calls were recorded with Halifax, as they recorded me. One account I have filled out with you people, but the other three accounts I haven't because I want to retain custody of them myself. I've nothing against you, I believe you're doing a fair job and everything, but as far as that goes, what's your take on that?

Morgan Kelly: I understand the question. With the IB platform the reason why there may be some confusion coming out of Interactive Brokers themselves is they're probably still working through how they interface with the administration process from their end and probably getting their own advice as well. There are accounts in between Halifax and Interactive Brokers, clearing accounts and what have you, which do complicate the situation slightly. If you hold onto your - if you don't close your positions and hold on to you [unclear] it's entirely a matter for you. It's entirely up to you. I'm not going to tell you to do one or the other.

If you think that - and you might even want to get your own advice in regard to that, but if you keep your positions open that's entirely fine and it's entirely a matter for you. It will be one of the things that we work through as we determine how we unwind these positions, if indeed they do end up being unwound, how we return those to you or how we deliver those to you will be a mechanism that we're not entirely clear on today. But I do understand that you own them and that you are the beneficial owner, I do completely get that.

Andrew Whitehead: Yep. So in the future you'll, at my request or maybe at my demand I should say or my instructions, when the time is right and I've got time to actually do my own research or consult a real good lawyer if I choose to waste my time, I mean choose to do that, then you'll assist me obviously in delinking. Or you might decide I have to follow the protocol of Halifax as in sell out and move through that way

Morgan Kelly: Look, it's possible. It's possible how that will work out but we will do that to the extent we legally can. Unfortunately a lot of the questions you are asking have legal principles behind them in terms of how we respond. So the short answer is yes, that's what we want to do and we want to make sure we do it legally.

Andrew Whitehead: Okay, thank you very much.

Morgan Kelly: No problem.

Mark Hepburn: [Mark Hepburn] 209. You've previously made some reference to working with FMA and the Australian equivalent and I'll stand here as an investor, which I'm sure there's a number of others in this room, that in the first instance had the conversation with Halifax New Zealand about our funds being ringfenced. Secondly, also being presented the terms and conditions of the account that we were presented when we signed up. I'm sure, like many other people in the room, never gave or never provided the effort to read through those and fully understand those implications. Even if we had read them we probably still wouldn't be able to understand fully the implications of what we were signing up to.

My question for you is, in working with FMA, are we going to be working with FMA to see what we were - what we contractually signed up to is in fact the way that Halifax New Zealand conducted their business?

Morgan Kelly: Yes, we will and that will be a part of our - that will be a significant part of our investigations. At the moment the priority has been identification of funds and fund flows and basically investor claims on those funds. Your question is a very good one and that will be a very big part of our review.

Mark Hepburn: Leading on from that, my second and final question, you've also referred to the problems that started with Halifax in Australia, the introduction of a new platform. We can accept that prima facie and I understand that you will be investigating that further, but I certainly stand here and I fully agree that it is the rumour mill. The rumour mill suggests there's something quite completely different that has gone on behind the scenes. Can I have the assurance from Ferrier Hodgson as the administrators that you will be fully investigating the circumstances behind what went wrong and determining whether or not there may be any criminal liability attached to that?

Morgan Kelly: Absolutely.

Mark Hepburn: Thank you.

Morgan Kelly: You have our assurance that we will be investigating that.

Mark Hepburn: Thank you.

Female: Hi. I'm asking this question on behalf of my husband and my husband is actually overseas but I'm equally as concerned. So we have got 24 transactions in open positions and due to hedging I will need more than a year to close all positions. The question is, can we hold these positions for more than a year? We're just hoping that

the account will not be terminated or forced to close. What are your comments here please?

Morgan Kelly: First of all we won't be closing any positions without an extensive consultation period with investors and without court approval. So as I mentioned earlier we need to be very careful we don't make the position worse, so we don't want to crystallise any losses or any positions for anyone. You mentioned that you wanted to keep the positions open for another year. I would hope that we'd be significantly more advanced in a year than we are today to render that unnecessary, but the short answer is we won't be closing any positions for investors until - or if that was ever contemplated we'd be having extensive consultation with investors first and we wouldn't do it without seeking court approval.

I hope that provides you with some assurance that we - what I can say to you very, very loudly and clearly, is that we will not be closing any positions on our own cognisance or making decisions to do that at all. The only way we would ever contemplate doing something like that would be in consultation with you and with your fellow investor creditors and with court approval.

Female: Thank you.

Male: How's it going? My number is 27. I have got two questions. My first question is in regards to something that happened about six months ago with me personally. I was told to switch my TWS account from an Australian operated account to a New Zealand operated account and I just want to get confirmation that because I've - I was made aware that the trust funds in the New Zealand TWS, that the custodians were different from the ones in the Australian accounts and I just want you to confirm that please for me as my first question.

Morgan Kelly: I believe that's the case, but I'm sorry, I can't give you a categorical confirmation of that right now. Apologies.

Male: Okay. My second question is...

Morgan Kelly: Because they had - the reason why I say it is that I can't stress enough the level of intermingling between the Australian operations and the New Zealand operations. The two platforms had a lot of crossover depending on the kinds of products so there might have been - some custodians would have - there was no-one that exclusively did New Zealand...

Male: Yeah.

Morgan Kelly: ...and no-one that exclusively did Australia, except if you've gone straight through to IB, if that makes sense.

Male: Yep, yep. I've gone - well from what you were saying before on the screen most of the intermingling was to do with the MT4 and the MT5 accounts and that the IB ones were held in a separate trust. Now I was changed from an Australian TWS account to a New Zealand one which had a separate trust to even the Australian one I was told, so yeah, I just want you to clarify all of that for me if you can.

Morgan Kelly: Yeah, well that's one of these we'll need to come back to everybody on.

Male: Okay.

Morgan Kelly: In terms of that's one of the things we need to clarify. The other thing too I just want to mention is that it appears, when you look at those charts, it appears that the IB accounts are all segregated and what have you. I just want to remind everybody that there were intermediary accounts between Halifax and IB so there may still be some mixing of funds. There may be some, for want of a better word, contagion with those funds. So it might not be as completely straight forward as we all would like it to be. It might be a little bit more complicated than that.



Male: Okay. My second question is, I had some positions open which I've been building for a long time and I'd like to keep them open if possible. My question really is, is it possible to create some kind of win-win situation here? I don't know much about the MT4 and the MT5, but as far as the IB platforms were concerned, is it possible to have perhaps Interactive Brokers come and take over those accounts and we just - everything stays normal and we just start paying them commissions.

Morgan Kelly: Yeah, that's possible. That would be a possible outcome and that would be - if we could do that, if we can do that, that could be a very useful outcome.

Male: I think that would be a win for everybody involved as far as that area is concerned.

Morgan Kelly: Yeah, I agree and if that outcome is possible, that's one of the options we are exploring and if there was to be a deed of company arrangement it would be underpinned by an arrangement like that. So that's something we're looking at very carefully.

Male: Okay, thank you.

Morgan Kelly: No problem.

Archie: [Archie] again, number 212. Just trying to understand. The shares that have been bought through IB, are they under the persons? Like if I have Apple shares am I the registered owner of Apple shares or not?

Morgan Kelly: The straight answer is no. There's a custodian who's the registered owner and they hold them effectively on trust for you. So you're the beneficial owner.

Archie: Yeah.

Morgan Kelly: Someone else is holding them on your behalf.

Archie: Right and as this gentleman said that some of these shares are not with IB and they are with sort of Halifax. Sorry, I was a little confused with that statement.

Morgan Kelly: Do you want to elaborate [unclear].

Archie: Yeah, yeah, yeah.

Stewart McCallum: Yeah, look, I apologise for the confusion there. What I was referring to is the cash, physical cash, that is still sitting with Halifax. The shares that have been bought through Interactive Brokers will be sitting in the name of the ultimate custodian or counter party, so that might be Credit Suisse in the US as an example for Apple shares.

Male: Right.

Stewart McCallum: Those shares would be held in the name of that ultimate counter party.

Male: Yep.

Stewart McCallum: What I was referring to was physical cash sitting in Halifax.

Male: Right, okay, that's good. Thanks.

Earl Phoenix: [Earl Phoenix] 211. Just a generic question if I may please. When doing due diligence on opening an account with Halifax, or for any broker for that matter, we're told that investor's funds are brick walled in a trust account. Is it true to say that because of the combination of statute and equity law in both countries it really reduces trustees in this situation just to common [guard] unsecured creditors.

I'm asking the question because I suspect I may need to look for another broker and I'd like to give proper assessment to future claims of brokers or any holder of funds who might say you're protected. We've got a completely brick wall trust account, albeit pooled among all other investors, but when the crunch really comes financially the law says, sorry, you're just an unsecured creditor. I'm just wondering if you could give us some very quick advice as to whether that's a true assessment of these claims please.

Morgan Kelly: Well, look, in this case not really, because of the funds that are those investor funds, no-one else can access those. So you're not an ordinary unsecured creditor because ordinary unsecured creditors can't access the investor funds pool. Only investors can. So to that extent you're not an ordinary unsecured creditor. In relation to your question about the segregated account and segregated trust funds, look, it's difficult to answer that because, again, there are legal questions in terms of what happened with Halifax. But what I can tell you is that your status, whether you're here or whether you're in the Australian jurisdiction, the jurisdictions are basically the same in terms of the legal framework.

You're a priority creditor, investor creditor, a trust creditor, whichever way you look at it and you may be a creditor who's entitled to a beneficial interest in an actual asset, like shares, or a claim on a certain pool of cash. But no other creditor, for example the employees, have no claim on those funds.

Earl Phoenix: Thank you very much. That's very useful. Thank you.

Morgan Kelly: Not a problem.

Vincent: [Vincent], number 8. My first question is, as a New Zealand investor, because we've been signing up in New Zealand, Halifax New Zealand. Halifax New Zealand and Halifax Australia are two separate legal entities so I'm just wondering if I could - in the later stage when you do like a return to the investor are you doing the same manner or doing like a - if you find out the problem was lying with Australia, so is there any like better off, better position, for us to receive more funds than Australian party? My second question is like as an administrator are you in the responsibility to take the other buyout interest in the later stage and if it is what stage it will be? Thank you.

Morgan Kelly: Okay, there's a few parts to that. The first thing is that you're right, there's two separate legal entities. There's Halifax New Zealand and Halifax Investment Services in Australia. Both companies are in voluntary administration in both countries. At the moment we are running both processes in parallel and because all the information technology or the data or the cash or the assets are all with this Halifax Australian entity we can access those as administrators of the New Zealand entity. We've got a direct line to that so that's quite useful. So that's where I suppose there's a bit of a blurring of lines between the two.

That said, the New Zealand entity is subject to and you will have access to a regime that's subject to the New Zealand law and to the New Zealand courts and oversight by the FMA. So to that extent it's separate to the Australian operation. It's possible that the - well I mean one potential outcome from this is that the New Zealand company emerges from this process and continues to - and somehow is able to continue to operate and sever the connectivity with the Australian business, which would deliver the outcome that I think you're seeking. But not all of the investors in Halifax New Zealand are homogenous. They're not all in the exact same pool which creates complexities because some of them might need to be treated differently.

So this is - and I alluded to this earlier when I said different classes of investors may end up being on different timelines or different timeframes in terms of how they're dealt with and how their positions are returned. Did that answer your question? Was there another bit to your question?

Vincent: So if there's like another entity, another financial company, who wants to buy out the...

Morgan Kelly: Oh yes, sorry, yes. We have fielded a lot of queries both in Australia and New Zealand of parties who have expressed an interest in purchasing the business or recapitalising it and we haven't been focused on those at this stage. We've been responding to everybody that's made that kind of overture and said, look, thank you very much for your interest and we will respond and enter into some form of discussion or DD process to the extent that one can be conducted in due course. Our first focus has just been to

identify the investor funds and where they are and the investor positions, but that is certainly something that we've had some interest in already and we're looking at.

Vincent: Okay, so [maybe later stage it] could be - that could be a later stage.

Morgan Kelly: There could be a...

Vincent: I mean the, you know, those parties who are interested buying out could be...

Morgan Kelly: Yes, correct. I mean we would probably start opening discussions with those counter parties in earnest during the course of next week.

Vincent: Thank you very much.

Morgan Kelly: You're welcome.

Kay: Kay, I'm representing investor number 185. Thank you Mr Kelly and the other people at the desk there for representing the creditors or investors as you are calling them generally. Look, I have a number of questions. I'll start with the first one. The auditor signed some accounts in July of Halifax New Zealand. As part of that process how would they have substantiated the balances with IB in the Omnibus account?

Because my understanding is that the IB New Zealand investors accounts should have been all held in one Omnibus account and the IB Australian investors should have been in another Omnibus account, because New Zealand investors all have specific balances and that should have been consolidated in an Omnibus account for New Zealand. Then there should have been a buffer audited within the New Zealand accounts. Now, so I think it's Staples Rodway who conducted that audit. What was the scale of the buffer that they had audited? Have you substantiated that?

Morgan Kelly: No, we haven't. At this stage our focus has been - we haven't had any interaction with the auditors at this stage. We've been really dealing with the accountants Moore Stephens in Australia in terms of identifying the deficiency and where the funds are. Our focus has been entirely on identifying the investor funds and what investors believe they're entitled to and what actual assets are backing that up and that's been 100 per cent of our focus. However, the point that you raise does form part of the investigations we need to undertake and we will be doing that forensic review and looking back on what should have happened and what did happen and who was responsible and who should have known about it.

Kay: Right.

Morgan Kelly: So we will be looking at that but that hasn't been our focus so far.

Kay: Considering you mentioned comingling between the two Omnibus accounts in theory...

Morgan Kelly: Yes.

Kay: ...but I would have thought that the minimum would have been seeing identifiable separate bank accounts for those, certainly with getting confirmation from Halifax Pty Australia to the auditors of New Zealand, so okay.

Morgan Kelly: I understand and it's a good question and we're asking the same questions.

Kay: Now the other, oh, I've got a number of questions. I'll drop them in a different order because I've just been making notes. The creditor's committee that you're looking to appoint with all of you voting on, I believe there's five nominations or people that have put their name up. My understanding is you would like a respective mix of people on that committee, not just necessarily small investors, not necessarily IB people, but obviously creditors of the New Zealand operations that could be consulted about different ideas that you have.

You used an expression very early in the proceedings saying that you would be directed by this creditors committee. I thought that was unusual. I thought they were just being

consulted because you're the people that are supposed to be coming to the watershed meeting with a presentation to the investors as to what would be the right thing or what you recommend Halifax New Zealand investors adopt [unclear]. So is that creditors committee just a consultative or are they actually looking - you're looking for direction from that creditors committee?

Morgan Kelly: To be crystal clear it's just a consulting body.

Kay: Right, so there's no direction.

Morgan Kelly: There's no direction.

Kay: Right.

Morgan Kelly: I apologise if I used the wrong words when I was describing it earlier.

Kay: Okay, well we won't go through the tapes.

Morgan Kelly: The creditors committee - I beg your pardon.

Kay: We won't go back to the tapes on that one.

Morgan Kelly: The creditors committee doesn't direct, but the creditors committee is a consultative body that acts as a sounding board for the administrator. Before we have the resolution we may have a short adjournment to see if - because I have five nominations for the creditors committee but we may have a short adjournment to see if there are any other individuals that would like to nominate for the creditors committee before we pass that resolution.

Kay: Because I would to maybe have a show of hands in the room here of the people that have had what they believe a full set of documents from the administration team, because my personal experience is Link Services New Zealand has not responded in the timeframe. I'm sitting with a lady there that's not even had the full pack, she got a very late pack. So you won't necessarily have had that reach out from a true spread so I welcome the fact that you're going to go back to the group that's here as a minimum and may see if there's anyone else on the floor that could add to that committee.

Okay, my next set of questions, sorry. You mentioned that you're going for an extension from the court of 90 days. My calculations is that you were appointed on 29 November, so I thought we were looking at about the 9 January was the kind of 25 working days. You're looking to do another 90 days on top of those 25 days. I know you're going to come back in theory before then but I hear a lot of guys, well mainly guys, but people have got trading positions that they've either closed out - I'd manage my risk and close it - but if you're running trading positions you want to get this thing sorted as quick as possible.

Is it possible that you would look at committing to an interim meeting and maybe making, you know, rather than saying, okay, you'll get your court date way up there, but maybe if you're going to do a deal or have different ideas to put to creditors you'd come back at an earlier date so that you'd actually commit to that. Rather than get your 90 days and no-one hears from you until the end of April.

Morgan Kelly: We'll be - so I understand the question. Now, look, we won't be committing to another creditor's meeting like this as an interim meeting because we may come back and have nothing substantive to say, but we'd certainly be having regular meetings with the creditors committee in that period. The other thing too that I'd say is that a 90 day extension is a 90 day extension within which to call the meeting. It doesn't mean we're going to have the meeting on the last day of the 90 days.

The other point that I make is that we will be continuing to communicate with everyone via our website and via regular updates in terms of the status of our investigations and updating our frequently asked questions and updating our communications with

creditors and with investors via the website and directly by email to the extent we can and to the extent we've got something say.

Kay: Okay. Just on the point of view, you know, a number of people here have alluded to the fact that they're going to run open positions maybe right through for another year [unclear] so...

Morgan Kelly: Yeah, there's a couple of ones on the webs questions as well. The same question.

Kay: So just to clarify that. As at the point of 29 November those accounts had balances. Okay. Now, if people run open positions and they appreciate or depreciate, those losses, we'll just focus on the losses rather than appreciation but they'd obviously want to know about the appreciation, that will not be pulled into any kind of pooling. You're going to have non-pooling and pooling possibly within. So if people are running live positions that's on your head...

Morgan Kelly: The people who are running open positions are doing so at their own risk. If they make losses during that position the question as to whether those losses get shared with other investors who have closed their positions fortunately is going to be a decision made by a judge here in New Zealand. Not by me.

Kay: That's what I'm saying. If you don't have a watershed meeting until the end of April those guys are running positions, you know, those people are running open positions of their own volition for that period of time. Now they could go and hedge them on another platform but those positions are effectively being worn by - well obviously we could talk about which is truly client segregated funds and ones that aren't - but those open positions are being worn by all the creditors or could be worn by all the creditors.

Morgan Kelly: Well, look, it's possible but that's - if that were the case if you were going to - if someone - it's a very big question. If someone is making losses now, if someone is losing \$2000 a day from the day that the administrators were appointed and they continue to make those losses, is it fair that those losses are shared by everybody who is in the same investor pool? That's a decision to be decided by the court if it comes to that.

Male: [Unclear].

Morgan Kelly: I beg your pardon.

Male: [Unclear].

Morgan Kelly: No, Shane, I'm not being clever with it. I'm saying that it's not - I'm not actually able to make that determination and I wouldn't do it without getting court approval.

Male: [Unclear].

Morgan Kelly: If I close positions out that means I'm making a commercial decision on your behalf, so that means I'm deciding on your behalf. Just as the lady asked before about the foreign exchange positions she had opened. She asked me whether I was going to close them out without notice to her. The answer is absolutely not. I am not here to actually make commercial decisions on your behalf. You are the investors. You are the ones that are managing your own exposures. If you wish to close them out that's a matter for you. If you wish to leave them open that's a matter for you. If you do close them out the funds will be frozen.

Kay: So maybe the Chapman Tripp guys would like to talk about that. Is there something that the administrators could basically send out to investors saying as at the 29 November our records show you have a position, half in Euro dollars, half in Kiwi or you've got 2000 Apple shares. So that's just saying that as per our records that is the position so if you go to court in two years' time and say Apple has gone through the roof or Apple fell out of bed and it's now worth a cent, that would be further weight to the argument that they knowingly continued with that position knowing that that was...

Morgan Kelly: Yep, I understand.

Kay: Sorry.

Morgan Kelly: That exercise of communicating with everybody with those positions isn't quite as straight forward as it sounds but it's definitely something that we have to do and we will be doing. The second thing I would say though is that each individual led investor is still able to access each platform, so you know and other investors know what their position is on day one without us having to tell them.

Kay: Yes, but it's more of a process if you have been advised that your position is your position and so don't, you know, it's just I'm just saying...

Morgan Kelly: No, I understand that but...

Kay: ...whether that legally would have any added evidence that that person knowingly continued with live position that was losing money.

Morgan Kelly: Well I'm saying it explicitly today. I'm saying it explicitly now.

Kay: Sure, okay. Capital of Halifax Australia, what was the capital, net capital? I haven't looked at their accounts.

Morgan Kelly: I beg your pardon.

Kay: Halifax Pty, what was the capital of Halifax Pty? What was the actual capital? How much money did [unclear]?

Morgan Kelly: Well they had \$2 in share capital but on the balance sheet they had...

Kay: I would have looked at those.

Morgan Kelly: I'm sorry, hang on a sec, I just need to think. There was I think about \$600,000 in the trading account and there were a variety of trust accounts in Halifax Investment Services Australia as well...

Kay: So it's [very under capital].

Morgan Kelly: ...but which are mixed up in that \$190 million that we put forward....

Kay: Okay.

Morgan Kelly: ...which is investor funds. There's a...

Kay: So the actual capital was \$2.

Morgan Kelly: There's a term deposit of \$3 million which supports the AFSL. So the AFSL in Australia supported the licence in New Zealand, the \$1.2 million bond in New Zealand. There was a similar thing in Australia, the \$3 million bond for the AFSL. ASIC is now considering suspending or cancelling the AFSL in Australia which means that we might be able to access that bond as well.

Kay: Sorry, am I correct, Lloyds is the major shareholder in Halifax Australia? Is that...

Morgan Kelly: Oh thanks very much. No, that's not the case. Lloyds is not a shareholder of Halifax Australia.

Kay: Right, right, right. No, that's just something else...

Morgan Kelly: It's a different - look, I think there are a number - there's been a lot of confusion. A lot of people have asked me is Halifax a subsidiary of Lloyds. It's not. It's not related to Lloyds.

Kay: Okay, that was all. Thank you very much.

Morgan Kelly: No problem.

Kay: Again, thank you for [looking after ...].

Morgan Kelly: [Michael] did you want to say something? Did you want to say something?

Michael Harper: Oh no, I was just going to say [that's Halifax Building Society in the UK].

Morgan Kelly: Halifax Building Society in the UK is another example. Yeah, so there's a number of financial institutions called Halifax which creates some confusion. Sir.

Edwin: Hi, my name is [Edwin], my number is 197. I have a question here, is that I think I speak on behalf of the investors here that we are pretty blindsided by the fact that all the transactions that you made through Halifax, [the stuff that you bought], should end up under your name. So I'm just wondering to ask that, in your opinion, do you think that FMA is slightly responsible for allowing such practice to happen in New Zealand or even for Australian regulatory authorities to allow such a thing to happen, because this is just one of them and you mentioned that you have dealt with a similar case in the past. There seems no protection to the investor. Then you mentioned that - although you said there's a segregated account but you yourself can apply to the court and ask it to find for the administration.

So I'm just wondering, that's not really, really protected. So yeah, back to my question to you, what do you think that FMA role is here? It seems to me that when I try to call them they ask me to refer the questions to the Link Services which is a bit hopeless I think, because every time I call Link Services basically they can't really answer the question. Yeah, that's about it.

Morgan Kelly: I understand. Look, I can't really comment on the FMA or...

Edwin: Well, no, I mean like just [unclear] from your administrative point of view.

Morgan Kelly: Yeah.

Edwin: If you are going to invest money would you invest your money in a company like Halifax?

Morgan Kelly: Would I...

Edwin: Yeah.

Morgan Kelly: ...personally?

Edwin: Yes.

Morgan Kelly: I haven't got any money.

[Laughter]

Edwin: Well no, no, I'm just asking you in a point of view that...

Morgan Kelly: I understand.

Edwin: Because it seems the whole thing is not transparent. Like even you find this kind of thing like out of the blue.

Morgan Kelly: Sir, I understand. This is a much bigger question.

Edwin: Yeah.

Morgan Kelly: This is a policy question. This is a much bigger question than I can answer. What I would say to you is the FMA is an oversight regulator who are watching us very, very carefully. The FMA's primary concern is to ensure that we are looking for investor funds and that we are prioritising the investor positions and identifying where their monies are. We report to the FMA regularly so the FMA is aware of what we're doing, but the FMA is not endorsing us or anything along those lines. The FMA is just watching what we're going and we're reporting to the FMA and keeping them informed.

I think that there may well be repercussions for this further on that the regulators may take action on. I don't know. That's a decision for further down the track. In terms of protection there are regulations and the FMA has required that this bond, for example, the net tangible asset deposit, is available for investors and what have you. So look, there are protections in place and I think if your question is, you know, is this all a scam? The fact is...

Edwin: But [you say there's protection in place].

Morgan Kelly: ...there are laws in...

Edwin: If there's a protection in place such things would not happen.

Morgan Kelly: If there were laws and rules preventing this sort of thing from happening, if they're broken - for example, there's laws against going into a milk bar and holding it up with a gun but people might still do it and if they do they'll go to prison.

Edwin: Yeah, I understand that but...

Morgan Kelly: If something has gone wrong here we will be reporting that wrong doing to the FMA and to ASIC and the relevant action may follow.

Edwin: Yeah, but based on the incident that you have dealt in the past, don't you think that the whole thing is just risky? Just a Ponzi scheme. Like if I purchase shares from ASB Bank at least they're just a broker. They don't hold any...

Morgan Kelly: Yeah, I understand. Look, yes of course it's risky but that's why returns are generated. So any investments...

Edwin: No, no, no. I mean like if we are purchasing shares we understand that the risk is with the movement with the market but seldom a lot of people, like new investors, don't even realise that if the broker went down, goes to the liquidation and all that, what happens to their money.

Morgan Kelly: Well they have a claim against the broker counterparty.

Edwin: Yeah, but it's not as straightforward as this because it seems like it's not being protected.

Morgan Kelly: Well I think that's more of a comment than a question. I mean I don't really - I'm not really sure how to answer your question. I mean these things can happen in a free market economy.

Edwin: Well I guess what I'm trying to say is that like if this happens that you have to use the client's money to pay for your administration fee, like why we would be the one that is responsible to pay for that fee?

Morgan Kelly: Well I understand the question and I understand the frustration.

Edwin: Isn't it that FMA is more liable to help us [to solve this...]

Morgan Kelly: We'll be investigating a range of recovery options. Some of those may involve past transactions that have been undertaken, some of them may involve access to insurance policies, there may be other avenues of litigation that we may be able to pursue. Someone mentioned auditors before. There's all kinds of things that we might be able to investigate in terms of increasing the size of the available funds for any shortfall that might arise and we will be looking at all of those. In the first instance though we're really focused on just identifying what is actually there and who does it rightfully belong to and how do we deliver it to them?

Edwin: Alright, thank you.

Morgan Kelly: No problem.



Male: Hello. I am 217 and 218. I'm a bit confused about the account. I made an account with Halifax New Zealand. I received an email from Australia Halifax and they have my user account, right, which I used that user account when I logged into my IB account, right. Then I received an email from Halifax New Zealand and they have my user ID which is not there in the IB account. So I'm not sure that I belong to Australia Halifax or NZ Halifax.

Morgan Kelly: Yeah, there's quite a lot of cross over between the investor accounts. Of those 12,000 active accounts that we were putting forward earlier there's a mix of New Zealand resident investors who have gone directly to or effectively appear to have a connection directly with Halifax Investment Services in Australia, which would make you technically creditors of Halifax Investment Services Australia. To provide you with some comfort though what we're - the way that we're approaching this is to say if you're a New Zealand resident observe the process of voluntary administration here and lodge proofs of debt with the New Zealand regime here so that we can address your claim that way.

In the end if we need to, if that needs to change in the future we will, but you will receive all of the information and all of the creditors meetings and creditors reports and what have you through this process.

Male: So my account is in NZ dollar and I have communicated with my broker in Wellington, right, so that should be a Halifax New Zealand account rather than a Halifax Australian account.

Morgan Kelly: I understand it probably should be.

Male: Yep.

Morgan Kelly: But it may not be. What I might do, it sounds like your personal circumstances might be a little bit more complicated. Perhaps we could take that offline and have a talk after the creditors meeting and we will see if we can resolve that.

Male: Yeah and one other thing that when I was opening the account I was told that when I buy the share that is in my name, right and I can change the broker because Halifax is effectively a broker, right. So the Halifax is now liquidated or in administration so my shares which is showing up on IB, can I use any other broker to shift my account and manage by them rather than Halifax?

Morgan Kelly: That's one of the possible conclusions that we would be looking to because that would be, I think we've mentioned a couple of times before, that would be quite a good outcome if we were able to achieve that. It depends. It depends on whether we are able to transfer those and it depends on the status of your shares.

Male: Okay, thank you.

Male: My name is [Kay Lau], my number is 13. My money in Halifax including two parts, cash and shareholding. My first question is who is holding my cash, under who's name right now?

Morgan Kelly: Well it depends on which platform you're on but I would assume it's either in one of the Halifax Investments trust accounts, which is mixed with other parties, or it's in an IB broker account.

Male: Is it secure? Is it safe enough?

Morgan Kelly: It's frozen. Every account is now locked so the accounts aren't moving.

Male: You mean the cash is not safe.

Morgan Kelly: Well if the cash is there then it's secured. The reason why I say if the cash is there is because the balance that you are seeing on the screen may not be reflected by reality in terms of the bank balances. That's one of the tasks we need to do is reconcile the

positions between the investor's cash and equities and what the account balances actually are and match those up.

Male: Okay, thank you. My second question is...

Morgan Kelly: I'm sorry.

Female: [Inaudible].

Male: My second question is...

Morgan Kelly: Could you identify yourself please before you ask a question.

Catherine: [Three six six, Catherine].

Morgan Kelly: Three six six, Catherine.

Catherine: Yes. Are you saying there's been criminal behaviour?

Morgan Kelly: The question is am I saying there's been criminal behaviour? No, I'm not saying that. It's a little premature for me to be making a statement like that.

Male: My second question is if after your investigation process and some time if the shareholding is recoverable, am I entitled to claim only the market value or the [bought value]? For example, if I bought the share is \$100, but right now it is down to \$80, so I'm only entitled to claim \$80 or I'm entitled to claim \$100.

Morgan Kelly: Yeah, that's a very good question. Look, the situation is - obviously for the cash balance it is what it is and that's the cash balance as at the date of our appointment would be the appropriate benchmark to use in terms of valuing a claim. Because the open positions move it's a little bit more difficult. So this is an open question for us at the moment, how exactly do we value investor's claims when they're still moving? It cuts back to that original question of is it fair if someone is making losses that those might get shared across a pool of investors? So that's something that we need to - that is an open question now.

Male: Thank you.

Morgan Kelly: You're welcome.

Kim Chin: Hi, it's [Kim Chin] here, my client number is 90. The gentleman before me actually mentioned how do you identify an investor as New Zealand or Australia. I actually opened an account with the Halifax in New Zealand and my account in IB, account balance in New Zealand, but surprised I received an email from Australia. It's very confusing.

Morgan Kelly: Yes, it is. We're finding it challenging. The 12,000 open accounts are a mix of Australia and New Zealand accounts and some of them have no identifiers to tell us which are Australian investors and which are New Zealand investors. So there may be some mixed messaging coming from us because it appears that someone might be an Australian resident investor but actually they're in New Zealand. One of the things we're doing at the moment is we're conducting an exercise where we're doing a data match of introducing brokers so we can see which introducing brokers - so it's a separate report that we've been able to get so we can see where the introducing brokers are New Zealand based.

Kim Chin: Yes.

Morgan Kelly: It's pretty likely that if it's a New Zealand based introducing broker then the investor is a New Zealand investor...

Kim Chin: That's right.

Morgan Kelly: ...and we're trying to segregate them that way. But the system is not really helping us with that.

Kim Chin: So I heard from you, you said before, you might treat these kind of clients as New Zealand investors. Correct.

Morgan Kelly: Yes.

Kim Chin: Okay, because the form is quite confusing in Australian dollars so I have to change it to - it's very confusing.

Morgan Kelly: Yes. Look, again, I can only apologise. I mean we're trying to navigate the system but it's not our system. So we're trying to navigate using this system and then trying to identify people and where they are and hopefully we'll be getting better at it soon.

Kim Chin: Thank you. My last question that probably it's a bit too early to ask, [unclear] the IB, the investors could be a different outcome with another platform.

Morgan Kelly: That's possible.

Kim Chin: But will it be different - will it be a different outcome as New Zealand investors against Australian investors in IB.

Morgan Kelly: Possibly.

Kim Chin: Possible as well.

Morgan Kelly: Yeah, possibly. I mean if the Australian entity, for example, is liquidated it wouldn't necessarily follow the New Zealand entity, it had to go into liquidation, it may be able to be severed.

Kim Chin: Yep.

Morgan Kelly: That's something we're looking at as well.

Kim Chin: Thank you. Thank you for your answer.

Vincent: Vincent, 08. My question is, [and like just following up] your website Ferrier Hodgson and looking at the Sonray case and the Sonray case was raised in 2010, June and the final dividend was paid in 2015, which is five years' time instead of your say three year time. After 2015, 2016, 2017 or 2018 this year, there are still like three reports generated in the separate years. So I'm just wondering like is there any cost involved in those reports and is there - could be the more complicated?

Morgan Kelly: With respect to Sonray.

Vincent: As opposed to Sonray, yes.

Morgan Kelly: I think, well, I'm going to let Stewart talk about Sonray but one thing I just would really like to stress is that if, for example, I was to say to you I think this process is going to take three years, that wouldn't mean that on the last day of the third year you would see any funds. That's not to frame the discussion in that. I mean we will be delivering funds to investors to the extent we can as quickly as we can legally. Stewart, did you want to do that summary?

Stewart McCallum: Yeah. Look in terms of the timing for Sonray the process was we reported in 2010, Sonray was the first example of this situation so we didn't know what we were dealing with. We do now. The courts in Australia didn't know what they were dealing with. They do now. What followed Sonray were examples like BBY and MF Global. I say that to provide some context to the investors and the creditors here that our expectation is that things will move much more quickly with Sonray.

So Sonray, as I said before, went all the way to the high court and that was - the first instance was in the Federal Court. The judgment given in the Federal Court was then

appealed to the full Federal Court and the judgment given in that court was then appealed to the High Court. That necessarily took a long time. Once we had the High Court orders as to which classes of investors were entitled to what assets then we had to go through the process of recreating a lot of the tax returns within Sonray. I'm getting sort of down into the detail a little bit here because when we made the distribution to investors there was a capital component and a revenue component and so that then took another period of time, maybe 12 months.

So yes, in the Sonray case it was years before investors were paid anything. Our expectation is for Halifax, even though we're only a week in, is that the timeframe will be significantly shorter because we understand the process and the courts understand the process.

Vincent: Thank you very much.

Morgan Kelly: I'm just going to stop there for a moment and make a suggestion. We've got - I understand there might be people here who have other places they need to be. But I can stay here all day and answer questions for everybody, in fact I want to do that. We have some procedural resolutions that we need to pass. If I call a short adjournment for, say, 10 minutes while we discuss the composition of the creditors committee. Is there any objection to us having the rest of the resolutions conducted, so the formalities of the meeting are concluded, terminating the meeting. Then we'll stay here and answer questions for as long as you want us to answer them.

Does anyone have any objection to that approach? You have an objection?

Female: [No I just wondered about] - can you just tell us what's involved?

Morgan Kelly: Sure. Sorry, there's a gentleman in the back, are you objecting?

Male: I have a very quick question. You suggested earlier [and hoped unclear] about [350 unclear] costs.

Morgan Kelly: Yes.

Male: Is that [for the] New Zealand operations [or the unclear]?

Morgan Kelly: For the New Zealand operation.

Male: New Zealand operation.

Morgan Kelly: Correct. But...

Male: [Unclear]

Morgan Kelly: No, well, I understand. Well, does anyone have an objection to the course of action that I have - and are the two people standing up happy to wait for another 10 minutes before I answer their questions?

Male: Yes.

Male: Yeah.

Morgan Kelly: Okay, so just for clarity and for the record, does anyone object to me just proceeding to the - well, sorry, I'll call a 10 minute adjournment so we can discuss the creditors committee. Then we'll move to resolutions, then we'll terminate the meeting but we'll stay here and answer questions for as long as is required.

Does anyone have an objection to that course of action? Sir, do you have an objection?

Male: No objection, one question. You say you'll terminate the meeting and then you'll further answer questions. Will those questions be recorded?

Morgan Kelly: Yes. I mean the statutory meeting, okay. All right, so I'll call an adjournment now for - I'll make it...

Facilitator 2: So I think if anybody who wants to be on the creditors committee could come up here now then we can work out how many people we've got and perhaps have a brief word about what's involved.

Morgan Kelly: So let's reconvene, I'll adjourn the meeting now and we'll reconvene at 25-past-12 if that's okay. All right, thank you.

[Music]

Morgan Kelly: Okay, we're going to reconvene in a minute everybody.

Okay, we'll reconvene the meeting now at 12:33pm. Thank you everyone for that adjournment.

Now that concludes the formalities so we'll now just move to general Q&A. I'm conscious that I haven't got to the webcast questions either yet, so I'll answer those as well. So please, sir?

Meng Cheng: Yeah, my name's [Meng Cheng] and I'm number five. So regarding once you've gotten to the bottom of what's happening, and suppose it turns out that there was some fraud involved or some criminal activity involved. Will that change the timeline of the payouts? Because I think at this point we're just most concerned with getting our money back as quickly as possible.

So let's say there was fraud involved, do you think now this timeline of paying out the creditors will drag out much further?

Morgan Kelly: No, that wouldn't...

Meng Cheng: Or would that happen separately, parallel?

Morgan Kelly: They would be separate and parallel workstreams. Look, I think that the main concern for us is going to be actually returning investor funds and identifying where they are. If there is some element of fraud we're required to investigate it and we'll be required to report on it to the FMA and to the ASIC. We will do that. But that's not - that's an exercise where - which could take some time. There's a very high evidentiary burden in order to determine the issues like that. We certainly won't be holding up distributions to investors as a function of that, or by trying to conduct that function.

Meng Cheng: Okay, thank you.

Morgan Kelly: No problem.

Male: I was communicated with by Link and they didn't at that moment have my account number. I wrote that account number on the proof of debt form...

Morgan Kelly: Yes.

Male: ...will we receive a confirmation that that account has been recognised as an accountholder?

Morgan Kelly: I think that it sounds as though there's been quite a few teething problems with the accounts and accountholders. You should receive communication from us identifying you by your account number in the very near future as we work through that. So yes.

Male: Okay, thanks.

Male: Oh, sorry, I just have a question here, say, for example, some of the investors like my case put the money in Halifax account but I didn't put in much and I didn't invest in any assets. Is that - will be make your guys easier to identify our account and put us on a relatively more advantageous position?

Morgan Kelly: Look, it's too early to be able to say that without knowing further detail about your specific circumstances. If the account - if the positions are closed and they're being held

in cash they could be mixed in with lots of other people's cash. So if there's, for example, \$1 million in positions that you think you've closed that you're entitled to, there might only be \$800,000 in that particular account. That's part of the exercise we need to go through in terms of identifying that contagion of mixing of funds and who is entitled to what.

You'd think that it should be the case. But because of the accounting and the way that the bank accounts were managed by Halifax it could be a little more complicated. So I just don't want to give you false hope or make promises I can't keep.

Male: Yes, okay.

Andrew Whitehead: Hi, Andrew again. Through Interactive Brokers platform and the other two platforms, this may have been answered by you, but I just wanted to clarify it again for myself and maybe anybody else. Have you - has there been - you said there's about \$11 million maybe that discrepancy, compared to the funds available. How much of that is with Interactive Brokers? Or have you not clarified that yet?

Morgan Kelly: That's - we haven't clarified that yet. So we believe there's a deficiency of between \$10 million and \$20 million. The next part of the exercise we need to undertake is to identify where that deficiency sits across the various platforms. But you might recall from the chart that the majority of the cash and stocks that are held are in the Interactive Brokers platform. So that sort of indicates that perhaps there's less of a loss there than in other platforms. But again it's too early to tell. But that is one conclusion you could infer from that chart.

Andrew Whitehead: Since Interactive Brokers platforms are under personal accounts, or trust accounts, and are held in the names of the people who have bought those shares, why would those accounts all be pooled together? Is it because of the documents that people have signed giving you people that authority? Or is it because...

Morgan Kelly: That's not necessarily the case. So they're not necessarily pooled. They may be, and there may be because there are intermediary accounts between Halifax and IB, intermediary bank accounts. So some of the funds might be pooled, not all of them. Some of them may be readily identifiable. It is possible that the - that some of those positions may be able to be resolved very, very quickly. It's possible. It's too early for us to tell you that definitively today.

Andrew Whitehead: For legal reasons that I have not made any claims with three of my accounts, that makes no difference to the fact that you can see into the accounts and see everything and can go right through them, can't you?

Morgan Kelly: I can see your accounts?

Andrew Whitehead: Pardon.

Morgan Kelly: Sorry, what's the question?

Andrew Whitehead: Even though I haven't made a claim on three of my accounts...

Morgan Kelly: Yes.

Andrew Whitehead: ...as a supposed debtor or a supposed creditor, you people have still got full access to see all of those accounts and go into them and go through everything haven't you?

Morgan Kelly: Yes, we do. Yes, that's right.

Andrew Whitehead: Thank you.

Morgan Kelly: No problem. Sir, if you want to ask a question if you just go up to the microphone and ask if when it's your turn. That would be useful. Sorry ma'am.

Sarah Johnson: That's okay. [Sarah Johnson], 381. If you made your initial investment on 22 November, funds haven't been allocated to an account. I presume that's all going to be

wrapped up at some point because there's been no answers in terms of those funds being recognised.

Morgan Kelly: So your funds will be in an investor clearing account presumably...

Sarah Johnson: Mm-hm.

Morgan Kelly: ...and haven't been spent, or haven't been allocated yet to an investment product.

Sarah Johnson: Mm-hm.

Morgan Kelly: So they're quarantined and they're frozen at the moment while we work through. So that may put you in yet another class...

Sarah Johnson: Mm-hm.

Morgan Kelly: ...of trust creditor.

Sarah Johnson: Okay, good.

Morgan Kelly: I'm not sure.

Sarah Johnson: Favourable or unfavourable? It's not for me, it's for my son. I'm here as his proxy, so yeah.

Morgan Kelly: I understand. Look, I don't know.

Sarah Johnson: Yeah, and just with funds held, cash funds, are those investors just generally more at a disadvantage than people with shareholdings? Because it's been discussed that maybe shareholdings can be transferred to different brokers. So if that's the case those people will be just removing their shareholding, or their investment, and it'll...

Morgan Kelly: Not necessarily. Look, I really shouldn't speculate, and I don't want to, about...

Sarah Johnson: No, and I understand, that's fine, yeah.

Morgan Kelly: ...no, because the people who have open positions are still experiencing market risk. So it's a matter for them if they want to keep their positions open. All we're saying is, we're not going to close it ex parte on your behalf and crystallise that position. We won't do that. But if an investor chooses to do that that is a matter for them.

Ultimately when we reach the point of trying to unwind this and work out where everyone stands and who is going to access what, we are going to need to - and I'm using the royal we, because there will be court involvement in this. There will be a judge presiding over this and making a decision on which way this is going to go and a tonne of legal analysis I would imagine. How those losses that have incurred - have been incurred since we were appointed to that time, how those are shared. Whether it's fair if those are allocated to people who actually are holding cash and their positions haven't moved.

Again someone made the point earlier that there might be gains as well. So how those are dealt with is an open question.

Sarah Johnson: Okay. So and last question, if your funds are in a clearing account and you have no account number at what point - if you don't hear anything back who do you go to? Who - at what stage should you have had received clarification that those funds are being recognised?

Morgan Kelly: In terms of at what point would your claim be acknowledged?

Sarah Johnson: Yes.

Morgan Kelly: At the moment what we're doing now is we're calling for people to submit - the proofs of that and the claims are being lodged today, and we're talking about today, are just for voting. That's all. There's a formal debt proving process that comes up where we go through an exercise of writing to everybody and saying, this is what we think your claim

is. This is what we think your claim status is. What do you think? Then you submit that formal proof of debt, and then we adjudicate on those.

That's a process that's a very - it's driven by a statutory regime. It's a very strict process, it's very meticulous and very thorough. There's opportunities for creditors if they don't agree with the adjudication we make to appeal those decisions. We haven't got to that stage yet. That's the actual legal debt that we would distribute funds on. That I think will be subject to court oversight.

Sarah Johnson: So how do you as an investor make sure that you're part of the process? What should you be looking out for? Just public notices or a website or...

Morgan Kelly: Well, you should be receiving communication from us via Link Market Services. You should be.

Sarah Johnson: Okay.

Morgan Kelly: If you're not then you should be contact our office or contacting Link.

Sarah Johnson: Okay.

Morgan Kelly: Our website has details on who to call and who to contact. There's a Halifax at Link Market Services email address as well which you can use.

Sarah Johnson: Okay.

Morgan Kelly: I do understand there have been some teething problems with those communication issues initially. But we will be getting better at that, or rather Link will.

Sarah Johnson: Yes, okay. So Link Market Services, if you're getting communication from them you're in the loop?

Morgan Kelly: Correct, you're in the process.

Sarah Johnson: Okay, all right, thanks very much.

Morgan Kelly: Thank you.

Male: Is there a similar institution or organisation in New Zealand similar to SEGC in Australia?

Morgan Kelly: Ah, I beg your pardon?

Male: In Australia there is an organisation called the Security Exchange Guarantee Corporation.

Morgan Kelly: Yes.

Male: Is there one similar in New Zealand?

Morgan Kelly: A lot of the - the different insurance products had different insurance policies and different guarantees depending on what the nature of the product was and how it could be insured. So there's a variety of protections that we've - we haven't actually yet activated. But we've started investigations by notifying all those parties.

Male: Okay, thank you.

Morgan Kelly: No problem.

Ming Chee: Hi, I'm [Mr Ming Chee] from number 28. I'm just wondering have you ever up to now investigated how is Halifax New Zealand making profit?

Morgan Kelly: How is Halifax New Zealand making a profit?

Ming Chee: Yeah, because two...



Morgan Kelly: Via commissions. So Halifax New Zealand was a profitable operation before we were - and we understand that it had been operating for some years. Most of Halifax New Zealand's profit came from commission revenue. But we haven't done a detailed historical review as yet.

Ming Chee: Ah, okay, because what I wanted to ask is, I believe there might be a portion of profit coming from the investment from the company. So I was wondering how much portion it would be. But...

Morgan Kelly: You mean that Halifax New Zealand profited from clients' investments?

Ming Chee: No, I believe the company itself may do some investment in, say, shares or stock on their self, on...

Morgan Kelly: Yeah, I understand the question. No, I don't know the answer to that yet.

Ming Chee: Yeah, okay. Another thing is what I understood, as [Hayes] explained, for the Interactive Broker it's like clients deposit a portion of money to the bank and the bank add - sometimes transfer the money to our Interactive Broker. But sometimes money hasn't been transferred. So what I wanted to ask, is it a yearly business or a monthly business to transfer the money to Interactive Broker?

Morgan Kelly: Well, it depends. It varies from the type of investment and the product. So it's not like a simple set solution that one size fits all.

Ming Chee: Ah, okay. So what's the recent time for the deposit of money to the IB account?

Morgan Kelly: Well, it varies from product to product.

Ming Chee: Okay.

Morgan Kelly: It's a difficult question to answer because there's a range.

Ming Chee: Okay, I understand. That's all right.

Morgan Kelly: Okay, thank you. Sir?

Nigel: Nigel, number 200. I've got a question regards before you said there if you look at the money that's in the account, the trading account, the cash, that the money behind that may not be equivalent to what's actually in the account.

Morgan Kelly: Yes.

Nigel: What about the shares and that? Say if you've got...

Morgan Kelly: No,

Nigel: ...[a positions account] are the shares behind it true? Or are they not?

Morgan Kelly: Well, they should be.

Nigel: They should be.

Morgan Kelly: They should be, and that's part of the tracing exercise that we're undertaking.

Nigel: Okay. I was actually told that the shares were held in a Dutch bank, ABN Amro I think it was.

Morgan Kelly: Yes, that could be the case as custodian.

Nigel: Is that - so that is correct?

Morgan Kelly: That could be one of the custodians, correct.

Nigel: Okay, all right.

Morgan Kelly: But they used a number of custodians. So they'd have - I used the example before about Apple's shares.

Nigel: Right.

Morgan Kelly: If you buy shares in Apple there's somebody else, and it could be ABN Amro or it could be Bank of America or Credit Suisse or somebody else, who is holding shares on your behalf.

Nigel: Mm.

Morgan Kelly: You're the beneficial owner of those shares.

Nigel: All right.

Morgan Kelly: Legally they're your shares, but there's another person's name on the share registry with Apple.

Nigel: Sure. The final question I have is, assuming I guess everything gets resolved and you start putting shares - well, the question is basically with the shares that's held that are still open, will they be returned as a share? Or will they [pend] that into a cash and then that is split up that way?

Morgan Kelly: Yeah, look, that's an open question for us as well.

Nigel: So you don't know this?

Morgan Kelly: We need - that's one of the issues that we need to resolve, how exactly are we going to do that.

Nigel: All right, okay. Thank you.

Morgan Kelly: No problem.

Neil Strong: [Neil Strong], number 215. Are you able to put up the pie chart slide again?

Morgan Kelly: Yes, I think so.

Neil Strong: Thanks. Yeah, so the accounts, the number of accounts, have you done a valuation of the - the MT4 accounts, for example, are virtually half. The MT4 dollar values are actually only about an eighth. Have you done a valuation of the actual account values compared to the estimated equity?

Morgan Kelly: No, we haven't conducted a valuation of anything. But what we're trying to do is match - so first of all there's 12,000 active accounts. That doesn't mean there's 12,000 individuals. Some people might have multiple accounts. You might have - an individual may have accounts in both Australia and New Zealand. So that's the first layer of complexity. So there's not necessarily 12,500 natural persons behind that number, they're just the accounts. One person might hold multiples.

Secondly what I can't really tell you at the moment is the spreads across those platforms. So the 5844 MT4 accounts might all have very small balances. Hence the underrepresentation...

Neil Strong: Yeah.

Morgan Kelly: ...in the cash account. So this is the next stage of the exercise.

Neil Strong: Okay, [I just wondered how it had been done]...

Morgan Kelly: That's like the helicopter view. We need to get down into the weeds and start being able to actually match those up. That's what I mean when I say, we need to find out where the deficiency is presenting.

Neil Strong: Yes, thanks.

Morgan Kelly: No problem.

Leigh: [Leigh], 207. Can we - did you say we can get a copy of that?

Morgan Kelly: Sure, absolutely.

Leigh: Thank you. Is there some...

Morgan Kelly: We'll put it on our website and you can download it. That's probably the simplest thing to do. No problem. Is that right, or can we put it on our website?

Unidentified Male: Yeah.

Morgan Kelly: Okay, good. Are there any - yes, sorry.

Male: Yeah, that brings another question. I haven't given any consent to go onto your website, if I have to click agree, do we still get those things or not?

Morgan Kelly: Oh okay, actually this question was raised in Australia as well. Look, we have a disclaimer on our website because we put information in relation to Halifax Investment Services and Halifax New Zealand which is in some cases proprietary or could be subject to litigation and involves your circumstances. So there are all kinds of risks if, for example, a person who isn't actually a genuine investor, or a person who is not an interested party or a stakeholder, might actually access our website and access some of this information. Some of which involves your affairs and your circumstances.

That's why we had the disclaimer there, and that's why it's - that's why we have a, you must click here, by clicking here you acknowledge that you actually are entitled to read this information. That's what it's for.

Male: Okay, thank you.

Morgan Kelly: One thing I might say is that there was a concern raised at the Australian creditors meeting about the disclaimer and that we were trying to wriggle out of responsibility for putting information out there that might be wrong. There's another factor to this which is that we are presenting you with information that we've found and we haven't prepared or audited, but we've looked at from the company records. We do say that we didn't - we're using somebody else's information. There may be errors that we find further down the track.

But it doesn't matter what you put in a disclaimer if you do something that's in breach of the law you can't escape from whatever obligations you might have. So if it gives you any comfort, that's not our intention or our goal. Sir?

Froyen Zieger: [Froyen Zieger, 04]. I was trading forex and you were saying the account should be in Australian dollars or in New Zealand dollars. But my base currency is Euros. So the question is, is the cash I'm holding in there it's Euros, if this is an open position, or should I change that to New Zealand dollars?

Morgan Kelly: So it sounds like you have an open position and you've still got a Euro account open. It's completely a matter for you. I can't tell you whether or not to close that position and convert it to New Zealand dollars or Australian dollars for that matter. It's up to you whether you leave it open or not.

Froyen Zieger: Yeah, after the - I think after the 22nd when I'm logging in my Interactive Broker account it doesn't show any more different between Euros and New Zealand dollars, now it showed only Euros. For tax purpose I don't actually like to change it to New Zealand dollars because I would make it again, I would need to pay tax on it. So what's your advice?

Morgan Kelly: Well, I'm not an investment advisor and I can't give you advice. I don't know why the platform has changed its reporting to you, so I'll need to take that on notice. But we're the administrators. Our role is to recover the funds that are available to you and return them to you as quickly as we can. We're not traders and we're not investment advisors.

We can't advise you on what to do with your own specific circumstances. You'll need to seek separate advice for that.

- Froyen Zieger: Yeah, okay, but this still leaves the question, so you are saying the New Zealand customers or investors have their base currency in New Zealand dollars. But still mine is in Euros. So that's still an open question
- Morgan Kelly: It is an open question. But it really is a question that's a matter for you to answer in terms of whether you want to leave that open or whether you can't to close that position.
- Froyen Zieger: I don't think there is an option for me to close it. It just says, Euros, so...
- Morgan Kelly: I'm sorry, I can't give you more guidance on that. But I apologise, I can't really help you with that question.
- Froyen Zieger: Okay.
- Morgan Kelly: Thank you.
- Nina: Hi [Nina], number 188. I have a Trader Workstation Interactive Broker account where I have US stocks and some US cash. Is the US cash actually in US cash? Or is it sat in an Australian/New Zealand account in Australian or New Zealand dollars?
- Morgan Kelly: We believe that it is, or it's meant to be in a US dollar account with the IB platform. But it may not be.
- Nina: Okay.
- Morgan Kelly: So it may be some combination of those three accounts in between Halifax and IB, the clearing accounts, for example. There may be some of those funds located in those accounts. This is again an open question.
- Nina: Okay, thank you.
- Morgan Kelly: No problem.
- Andrew: Yeah, Andrew again, 195. As far as the Interactive Brokers accounts go, being in the personal names, or the shares as they are, why when you look into those accounts and you see - and you can trace all the money that's come in and what's gone out. You see that there's - that it's as it should be. So you do that on, let's say, 95 per cent of them. Then on the others there's a big discrepancy somewhere supposedly. Why when those accounts are private accounts that have been set up through Halifax would they be liable for something else? Would they then be liable I should say for something else that's another client on their own account has done wrong?
- Whereas from what I have seen everything is trying to be lumped saying, that's you guys saying, oh, you're invested to Halifax. Or you're invested with Halifax. But no. I only got a service from Halifax and they set up accounts for me and put - and they - and I invested through them. I did all the transactions on those accounts myself. You see the difference of what...
- Morgan Kelly: I do.
- Andrew: ...all I'm trying to say and the actual of what reality is?
- Morgan Kelly: Yeah, I do. I understand that completely. You may well be right and that may well be the case. That's part of what we're trying to establish that whether we can treat people differently and whether we are able to [pass it]. You may well be absolutely correct that that's the situation and we can pass those straight through. We just, we cannot answer that today.
- Andrew: So me, for example, I can give you...

Morgan Kelly: Sorry, just let me expand on that last point as well before I move on. Don't mistake my lumping people together and speaking in a high level isn't meant to indicate that we are lumping everybody in together into one pool. We do recognise that there are different circumstances for all of the different products. We're just not at a position yet to be able to delve into that level of detail.

Andrew: So let's say it ran its course and there's was a discrepancy of \$20 million. There's \$20 million insurance, wouldn't - sure, wouldn't the insurance company pay out quickly and things would move on as they are?

Facilitator 2: Well, can I just - Andrew I think there's just - this comes back to the nature of the process that we're in. It's a voluntary administration process. So what's happened here is the law has said, that's it, the company is frozen. We're freezing everybody's position because we understand there's a loss. There's going to be an investigation conducted by...

Andrew: But those people aren't the company...

Facilitator 2: Sorry, there's going to be an investigation. At the conclusion of the investigation the administrators will say - will give a report. There will be a whole range of outcomes. But what the fundamental of this is there is a loss. The investigation needs to say where that loss sits. They can't start flicking out money to people while the company is frozen until they're able to ascertain exactly who the loss sits with. Because once the money goes it's gone. If they've got that wrong then they're liable to the other investors.

So it's difficult and it's complicated and we understand that. But the position is frozen until the investigation is complete. Who bears the loss, and there is a loss and someone's going to have to bear it, is absolutely identified and reported back on. Then the courts will oversee a distribution process.

Andrew, people like you may say, I disagree with where the loss sits. It should sit over there. That may slow up the distribution as people challenge how that should work. But stage one is getting through the investigation, determining the extent of the loss, determining where the assets are. Then making some report on where that - where they think that loss sits.

Andrew: Thank you for that.

Morgan Kelly: Are there any other questions? Okay, look, just before we wrap up [Morgan]. If the gents at the back could just flick through some of the web questions. All I'll do is ask some of the questions that have come off the web that haven't been addressed already.

So the first one is a question about, do I have to close my position? We've talked about investors rights there quite a bit.

So if we can go to the next one please. Can I transfer stock positions to Interactive Brokers without closing them? That's the question about all investors accounts have been frozen until the investigation is undertaken. So that's been dealt with.

This last one I think it's the same point. If I close out current positions now will I be able to access the money that's realised from closing our positions? We've dealt with that.

So we might leave it at that, Morgan, I think.

Morgan Kelly: Yes, okay. All right, well, look, thanks again for everyone's attendance today. Look, there's still a large number of questions to be answered and we do have some investigative work left to do. There are some fairly challenging legal issues that we need to work through also. We'll keep everyone updated as best we can. Email queries can still be sent through to Link Market Services or directly to our team. We'll be posting updates on our website also regularly.

We'll be sending everyone a letter explaining when the next - the watershed meeting is going to be. For any milestones during the process creditors will be communicated with

that as well. For example, if we do make any court applications we'll be writing to creditors to keep them informed.

Well, thank you very much for attending and we'll be in touch. Thank you.

## Annexure D

Unidentified Male 3: Are there any other questions? Okay, look, just before we wrap up [Morgan]. If the gents at the back could just flick through some of the web questions. All I'll do is ask some of the questions that have come off the web that haven't been addressed already.

So the first one is a question about, **do I have to close my position?** We've talked about investors rights there quite a bit.

So if we can go to the next one please. **Can I transfer stock positions to Interactive Brokers without closing them?** That's the question about all investors accounts have been frozen until the investigation is undertaken. So that's been dealt with.

This last one I think it's the same point. **If I close out current positions now will I be able to access the money that's realised from closing our positions?** We've dealt with that.

So we might leave it at that, Morgan, I think.