



cutting through complexity

MF Global UK Limited – in Special Administration

Special Administrators' Progress Report for the six month period

1 May 2015 to 30 October 2015

26 November 2015

Notice: About this Report

This Report has been prepared by Richard Heis, Michael Robert Pink and Richard Dixon Fleming, the Special Administrators of MF Global UK Limited (in Special Administration) solely to comply with their statutory duty under Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011 to provide creditors and clients with an update on progress in the Special Administration and for no other purpose. This Report is not suitable to be relied upon by any person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in MF Global UK Limited (in Special Administration).

Rule 122 requires this Report to cover the six month period to 30 October 2015. However, where possible we have provided updated data beyond 30 October 2015. Where this is the case we state the date that the updated information relates to.

Any estimated outcomes for creditors or clients included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for clients, creditors or other stakeholders. Any person that chooses to rely on this Report for any purpose, or in any context, other than under Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011 does so at their own risk.

To the fullest extent permitted by law, the Special Administrators do not assume any responsibility and will not accept any liability in respect of this Report.

Richard Heis and Michael Robert Pink are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales. Richard Dixon Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. The Special Administrators act as agents for the Company and contract without personal liability. The appointments of the Special Administrators are personal to them and, to the fullest extent permitted by law, KPMG does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Special Administration of the Company.

We are bound by the Insolvency Code of Ethics.

Act	The Insolvency Act 1986 (as amended)	MFG Inc	MF Global Inc.
Affiliate(s)	A company or companies within the MFG Holdings Group	MFG Services	MF Global UK Services Limited (in administration)
CASS	Client Assets Sourcebook	Parallel Claim	A client's unsecured claim for the difference between the value of its contractual right against MFGUK and the value of its distributions from the CMP
CMP	Client Money Pool	Regulations	The Investment Bank Special Administration Regulations 2011
Company/ MFGUK	MF Global UK Limited of 15 Canada Square, London E14 5GL with company registration 01600658	Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
Court	High Court of Justice Chancery Division Companies Court	SIPA	Securities Investor Protection Act (US)
Directors	Directors of the Company (as at 31 October 2011): Bradley Ira Abelow; Francis Kemper Cagney; David Moses Gelber; Richard Warren Moore; and Charles Graham Pendred	SIPA Trustee	Trustee of MF Global Inc./Mr J Giddens
Distribution Plan	Client Asset Distribution Plan approved by the Court on 18 July 2012	SIPC	Securities Investor Protection Corporation (US)
FCA	Financial Conduct Authority	Special Administrators/JSAs	Richard Heis, Michael Robert Pink, and Richard Dixon Fleming of KPMG LLP
Finance USA	MF Global Finance USA Inc.	US	United States of America
FSCS	Financial Services Compensation Scheme	Weil	Weil, Gotshal and Manges
FX	Foreign Exchange	\$/Dollar	United States dollar (unless otherwise stated)
Group	The Company and subsidiaries	€	Euro
ISDA	International Swaps and Derivatives Association		
ISA	Insolvency Services Account at the Bank of England		
KPMG	KPMG LLP		
MFG Holdings	MF Global Holdings Limited		
MFG Holdings Group	MF Global Holdings Limited and its subsidiaries		

The references in this Report to the Act, Rules or Regulations are to Schedule B1 of the Insolvency Act 1986 (as amended), the Investment Bank Special Administration (England and Wales) Rules 2011 and The Investment Bank Special Administration Regulations 2011 respectively. All other capitalised terms have the same definitions as those stated in the Client Asset Distribution Plan.

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Purpose of this Report	<ul style="list-style-type: none"> ■ This Report provides creditors and clients with an update of progress in the Special Administration for the six month period from 1 May 2015 to 30 October 2015 in accordance with Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011. The JSAs' previous progress report was issued on 29 May 2015 covering the period 31 October 2014 to 30 April 2015. ■ All statutory and supporting information is set out in the attached appendices.
Website	<ul style="list-style-type: none"> ■ The MFGUK website www.kpmg.co.uk/mfglobaluk is regularly updated with the latest information about the Special Administration.
Background	<ul style="list-style-type: none"> ■ Richard Heis, Michael Pink and Richard Fleming of KPMG were appointed JSAs of MFGUK on 31 October 2011, by order of the Court following an application by the Directors of the Company. ■ The functions of the JSAs are being exercised jointly and severally by the JSAs. ■ This appointment followed the filing for Chapter 11 bankruptcy protection in the US by MFG Holdings and Finance USA on 31 October 2011. Also, on 31 October 2011 the SIPC instigated the SIPA liquidation of MFG Inc by a petition to the US District Court for the appointment of a SIPA trustee. ■ The Company traded as a broker-dealer in commodities, fixed income, equities, foreign exchange, futures and options and also provided client financing and securities lending services.

Key achievements, events and milestones during the period

Closure of the CMP

- A payment of outstanding unpaid CMP dividends totalling US\$193,641.48 was made to the Insolvency Services Account in September 2015, in accordance with the court order (see page 6). Any clients who did not receive their full entitlement of 90.65 cents in the dollar should contact the MF Global Claims Team who will assist with the reclaim from the ISA of any amounts owed to them.

Fifth Interim House Estate distribution

- On 3 September 2015, the JSAs declared a fifth interim dividend of 3.3 pence in the pound to all unsecured creditors whose claims had been admitted for dividend purposes. It was initially estimated that the interim dividend would be 3 pence in the pound, however due to further achievements by the JSAs it was possible to increase this to 3.3 pence in the pound. The distribution was paid to eligible creditors on or after 3 September 2015.
- The cumulative amount distributed to creditors with agreed claims is **87.8 pence in the pound**.

Future distributions and illustrative financial outcome

- The timing and quantum of any future distributions is currently uncertain. Should further developments result in any significant change in the illustrated financial outcome issued on 1 July 2015, an updated illustrated financial outcome will be issued and notices will be sent to all known creditors.
- The last illustrative financial outcome dated 1 July 2015 estimated the final pay-out rate for unsecured creditors to be between 95.3 pence in the pound and 100 pence in the pound plus a surplus of up to £45 million. As previously reported, if a surplus does exist there are various uncertainties in how any surplus may be applied.

Creditor claims

- During the period, the estimated value of total creditor claims in the House Estate reduced by £2.86m due to the finalisation of parallel claims and the resolution of a large disputed claim. Please see the Creditor claims section of the report for further information.

Assets

- The principal realisation during the period was the recovery of a holdback in relation to an amount retained by a clearing house of £2.8 million.
- The JSAs continue to work on the realisation of further funds from a bank and a foreign tax authority with regard to foreign withholding tax, although there is currently no definite timescale for the release of either asset.
- Please see the Asset section of the report for further information.

The JSAs have paid all unpaid CMP distributions to the ISA and the CMP is now closed.

Unpaid CMP distributions

- As previously reported, the JSAs contacted all clients with outstanding CMP distributions and where possible re-attempted payment. Following these efforts, the JSAs still retained an amount totalling US\$193,641.48 relating to 68 clients. A court order was handed down on 3 July 2014 approving the payment of certain uncollected client money distributions into the Insolvency Service Account at the Bank of England. In line with the court order these amounts were paid to the ISA in September 2015. Further information regarding the court judgement and a copy of the court order can be found on the JSAs website (<https://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/order-allowing-settlement-cmp-general-estate.aspx>).
- The JSA no longer holds any funds with regard to the CMP, and the CMP is now formally closed.
- Any client wishing to claim their unpaid CMP distributions are still entitled to do so from the ISA. A request for payment needs to be made to the Insolvency Service directly, however in the first instance please make contact with the MF Global Claims Team on +44 207 785 0308 or mfglobalclaims@kpmg.co.uk who will look to assist with this process.

The JSAs declared and paid a fifth interim unsecured creditor distribution in September 2015 of 3.3 pence in the pound, bringing the cumulative total to 87.8%.

Illustrative financial outcome model

- The table below summarises the outcomes presented in the most recent illustrative financial outcomes published. As illustrated here, the range of estimated outcomes from the House Estate has (between 10 October 2014 and 31 March 2015) reduced to a range of approximately £90 million (previously £111 million range). Please note these should not be considered 'best' and 'worst' cases.
- The published illustrative financial outcomes can be found on the MFGUK website (<http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/mf-global-important-documents.aspx>).

House Estate						
	31 March 2014		10 October 2014		31 March 2015	
	Low Case (£m)	High Case (£m)	Low Case (£m)	High Case (£m)	Low Case (£m)	High Case (£m)
Funds available for distribution	921	1,014	921	1,002	928	1,003
Total Creditor claims	(1,010)	(967)	(988)	(958)	(974)	(958)
Surplus/(Deficit)	(89)	46	(67)	44	(45)	45
Variance to prior illustration	(5)	(9)	22	(2)	22	1

Source: JSAs' records and estimates.

- At this stage the timing and quantum of any future distributions is currently uncertain.
- Should further developments result in any significant change in the illustrated financial outcome issued on 1 July 2015, an updated illustrated financial outcome will be issued and notices will be sent to all known creditors.

As at 30 October 2015, the total value of creditor claims has decreased by £2.86 million to a total of £1.32 billion (previous report: £1.32 billion). Of the total creditor amount, £1.25 billion of creditor claims have been fully agreed.

Current progress

- An analysis of final statements issued to customers, suppliers and Affiliates, and whether or not these claims have been agreed as at 30 October 2015 is provided below.

Status of creditor claims			
	Number	Value (£000)	Change in period (£000)
Creditors			
Fully agreed proposals	1,878	611,017	517
Final proposals sent but not agreed	269	16,378	(537)
Parallel Claims - Issued	3,650	41,523	778
Total trading proposals issued^(a)	5,482	668,918	758
Parallel Claims – Not yet issued (estimate)	-	-	(1,000)
CMP clients who lost their CMP entitlement	1	1,323	-
Dormant Accounts	704	1,020	-
Total trading statements	6,187	671,261	(242)
Other			
MFG Inc – Agreed ^(b)	1	549,387	-
Other affiliates – Proposals Agreed	13	32,328	-
Other affiliates – Proposals not yet issued	4	12,412	-
Suppliers – Proposals Agreed	244	14,684	1,282
Suppliers – Proposals not yet issued	27	1,387	(197)
German introducing broker claimants – Proposals not yet issued	419	35,274	-
Claim submitted being investigated by the Special Administrators – Proposals not yet issued	1	650	(3,707)
Total	6,896	1,317,383	(2,864)

Note:

- (a) A number of Clients who have received Parallel Claims also hold other NONSEG trading claims. As a result, the total number of clients has not increased by the full number of Parallel Claims issued.
 (b) The MFG Inc Settlement includes an element of Client Assets and the agreement of an unsecured claim.

Source: Special Administrators' records.

The majority of the movement in creditor claims during the period relates to the agreement of a disputed claim.

The JSAs previously held a provision of £3.7 million regarding this claim which has now been agreed with a value of £1.3 million allowing the release of £2.4 million of provision.

Parallel Claims

- The JSAs have issued notification of the quantum of Parallel Claims to all Clients. Parallel Claims total £41.5 million and are in line with previous forecasts, as notifications have now been issued of all parallel claims the remaining provision of £1 million has been released and the actual value accounted for in “Parallel claims - issued” on the previous slide.

Proposals not agreed or not yet issued

- There are a number of creditors who have never submitted a claim form or returned their settlement proposal (e.g. Dormant Accounts, CMP Clients who lost their CMP entitlement). The JSAs continue to reserve for these claims in full in the House estate, however these creditors may be excluded should they not submit a claim before the bar date for the final unsecured creditor distribution. Should such creditors be excluded from the final distribution, this will increase the final distribution rate for the other creditors with admitted claims.
- Included in this category are creditors with claims totalling £6.7 million who have already received a large portion of their claim value as a deemed distribution as a result of transfers to new brokers shortly after MFGUK entered into Special Administration.

Affiliates

- The majority of the outstanding affiliate balance relates to the claim of MFG Services, which has yet to be finalised due to the on-going pension dispute. A Court hearing to hear the dispute between MFGUK and MFG Services regarding responsibility for the s.75 pension deficit took place in March 2015. Judgment was received in favour of MFG Services. However, the JSAs reviewed the judgment with their legal advisors and subsequently lodged an appeal to the judgment. The reason for the appeal is that our legal adviser’s analysis of the judgment was that the decision was flawed in legal principle; the costs of pursuing that appeal are relatively small; and the impact of the decision on the estate is material. The appeal is expected to be heard in May 2016.

Disputes (Suppliers/Claim being investigated)

- A dispute in relation to the quantum of one unsecured creditor’s claim (the delta in values between the parties’ respective estimates exceeded £1.5 million) has been agreed. A pre-administration legal action established the validity of their right to claim but, following unsuccessful mediation attempts, a further Court hearing was held in May 2015 to determine quantum. The Judge determined a principal amount of \$1.5 million (£0.9 million) in addition to interest and costs. Both parties agreed not to appeal the decision. A catch up distribution has been paid in relation to the principal and interest claim whilst the costs claim is being calculated. Finalising the total claim value has allowed the release of a provision in the low case scenario of the illustrative financial outcome.

German Introducing Brokers

- The JSAs continue to work with their legal advisors and the claimants’ representatives to determine the validity of the remaining 415 claims.

Over 2,450 claims have been assigned to the FSCS. The majority of customers who have assigned their claim to the FSCS have now recovered their claim in full.

Claims assigned to the Financial Services Compensation Scheme

- In excess of 2,450 customers have assigned claims to the FSCS. The JSAs have been in dialogue with the FSCS since the early stages of the Special Administration. A protocol has been established whereby:
 - All agreed claims are notified to the FSCS on a regular basis via a secure internet exchange portal; and
 - The JSAs provide information to the FSCS to assist it in its assessment of eligibility. The determination of whether a claim is protected and therefore entitled to compensation is the decision of the FSCS.
- The FSCS will compensate up to £50,000 for losses to eligible claimants. As a result, the majority of customers who have assigned their claim to the FSCS have now recovered their claim in full.
- To date, payments totalling £36.3 million (combined client and creditor distributions) have been made to the FSCS with regard to claims assigned to them.

As at 30 October 2015 the JSAs have unrealised non-segregated assets with a gross book value of approximately £66 million.

The largest outstanding receivable relates to certain European tax reclaims. The JSAs continue to work with the relevant tax authorities with the aim of recovering these funds.

Non-segregated monies outstanding as at 30 October 2015		
£000	Received in the period	Outstanding ^(a)
Banks/Exchanges/Clearing Houses	2,822	22,776
Affiliates	342	5,884
European tax reclaims	-	36,799
Other receipts/realisations	-	278
Total	3,164	65,737

Note: (a) For illustrative purposes only. This may not represent further recoveries or all amounts outstanding as reflects high case and does not represent the JSA's view as to future realisations.

Source: JSAs' records.

Banks/Exchanges/Clearing Houses

- The principal realisation during the period was the recovery of the LCH holdback of £2.8 million as part of the agreement entered into between MFG UK and Inc/Holdings.
- At the date of this report, the JSAs continue to negotiate with one bank which has retained funds in relation to possible claims they may be exposed to in the future. The statute of limitations on these claims expire in 2018.

Affiliates

- The main realisation during the period relates to MFG Australia declaring the final client money distribution.
- Claims have been admitted in the insolvency processes of various affiliate entities with distributions continuing to be received as they are declared. The timing and final quantum of future affiliate distributions currently remains unknown and the amounts are also exposed to FX movements.

European tax reclaims

- The European tax reclaims disclosed above represent reclaims submitted by MFGUK. Although the JSAs continue to work with these tax authorities, the quantum and timing of any future receipts remains uncertain at this time and the amounts are also exposed to FX movements.

The JSAs have continued to pursue opportunities to reduce IT infrastructure costs whilst maintaining the integrity of the data records.

The reduction in the size of the office used by the JSAs staff will reduce premise costs by approximately 75%.

IT

- The stability of IT systems is a priority and continues to be maintained whilst steps are taken in parallel to implement cost savings through the decommissioning of non-essential applications / services and consolidation of the IT estate. Some key systems will be retained for a significant period as there will be remaining dependencies on them to provide support for claims analysis and resolution and to meet regulatory/legal requirements. At the appropriate time, plans will be prepared and implemented for the relocation of MFGUK equipment at Interxion (the third party Data Center).
- The MF Global IT department has been reduced from 132 staff at appointment in 2011 to only two contractors now. These contractors have been retained to provide ongoing support for the systems, communications and infrastructure previously used by MFGUK and still required under the Special Administration.

Premises

- As previously reported, the JSAs have extended the lease on the Regus office space in Canary Wharf until 31 December 2015. On expiry of the lease the JSAs staff will be moving to a smaller Regus office which will represent a reduction in premise costs of approximately 75%. The lease on the new office space has been agreed for a period of one year, to December 2016

Human Resources

- There are no employees and three specialist contractors remaining. Ongoing requirements are periodically considered to ensure a cost effective wind down of the MFGUK estate as a whole.

The JSAs' remuneration must be approved by the Creditors' Committee and is subject to review by an independent third party fee reviewer.

In the six months to 30 October 2015, the JSAs' time costs totalled £2.1 million.

JSAs' remuneration

- A receipts and payments account for the period from 1 May 2015 to 30 October 2015 is attached at Appendix 2.
 - A detailed analysis of the JSAs' time and costs for the various areas of work carried out in the six months to 30 October 2015 is attached as Appendix 4.
 - The JSAs continue to operate under a discounted fee structure as agreed with the Creditors' Committee. A summary of current charge out rates, for each grade of staff, is also attached as Appendix 5.
 - The statutory provisions relating to remuneration are set out in Rule 196. Further information is given in the Association of Business Recovery Professionals' publication A Creditors Guide to Administrators' Fees, which can be found at the R3 website at http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP9_EW_Payments_to_Insolvency_Office_Holders_and_their_Associates.pdf. However if you are unable to access this guide and would like a copy please email mfglobalclaims@kpmg.co.uk.
 - It is for the Creditors' Committee to determine the basis on which the JSAs' remuneration is to be fixed. At the request of the Creditors' Committee the JSAs have engaged an independent fee reviewer to review the costs of the Special Administration and report to the Creditors' Committee.
 - In the six month period to 30 October 2015, we have incurred time costs of £2,159,024 representing 5,352 hours at an average hourly rate of £403. This also includes work undertaken in respect of IT, corporate tax, VAT, employee and pensions from KPMG in-house specialists.
 - Total time costs on MFGUK to 30 October 2015 are £99,597,297 of which a total of £95,883,039 has been drawn on account as at 30 October 2015.
- Creditors are advised that any additional information regarding other expenses charged for the period is available from the JSAs upon request by any Secured Creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 201. This request must be made within 21 days of receipt of the attached Report. In addition, creditors are reminded that the quantum can be challenged by any Secured Creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt or a client with the concurrence of clients representing at least 10% of the total claims in respect of Client Assets held by making an application to Court in accordance with Rule 202 within eight weeks of receipt of the attached Report. The full text of these rules can be provided upon request.

Disbursements

- Disbursements in the six month period to 30 October 2015 total £71,365, which includes amounts paid in relation to the administration of MFG Services and KPMG affiliates discussed below. A detailed breakdown between Category 1 and Category 2 disbursements can be found in Appendix 6.
- Disbursements for the four years to 30 October 2015 totalled £4,264,132 of which £4,174,107 has been drawn as at 30 October 2015.

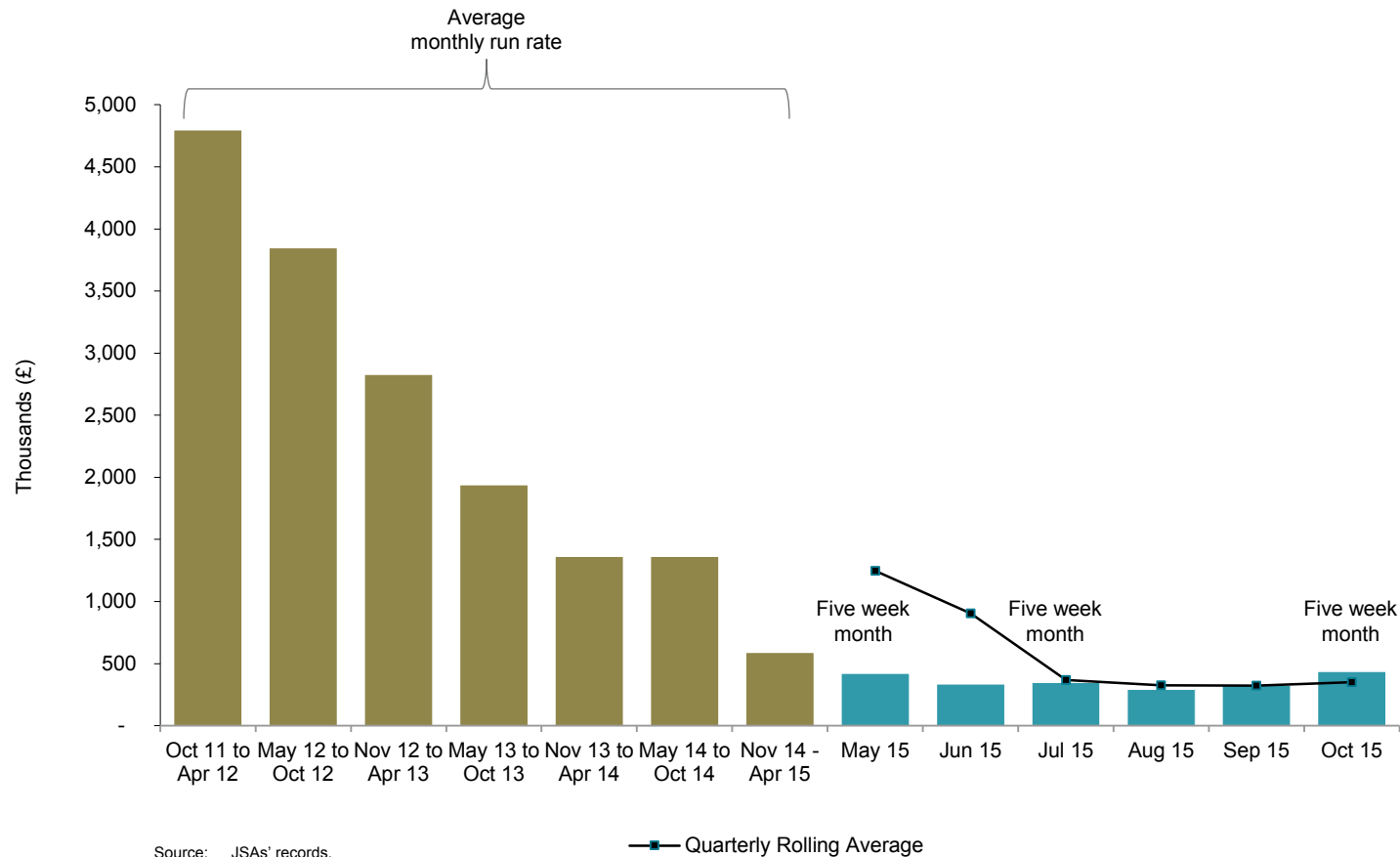
Payments to KPMG affiliates

- Costs of £69,472 have been incurred during the period from KPMG affiliates for professional services. To date total costs of £361,670 have been incurred from KPMG affiliates of which £292,198 has been drawn as at 30 October 2015.
- No costs have been incurred during the 6 month period with regard to seconded staff from KPMG Affiliates. To date total costs of £243,250 have been incurred for seconded staff which have been paid in full.

There has been a downward trend in the average monthly time costs since the start of the Special Administration.

Monthly time costs are now almost a tenth of those incurred in the early stages of the Special Administration.

JSAs' time costs by month



Discussion of time cost trends

- Average monthly timecosts have reduced from £0.56 million between October 2014 and April 2015, to £0.36 million during the six month period to October 2015.

Appendices

1. Statutory information.
2. Special Administrators' Abstract of receipts and payments for the period 1 May 2015 to 30 October 2015 and 31 October 2011 to 30 October 2015.
3. Special Administrators' Abstract of costs incurred and not paid as at 30 October 2015.
4. Analysis of time costs for the period 1 May 2015 to 30 October 2015.
5. Summary of charge out rates.
6. Summary of disbursements for the period 1 May 2015 to 30 October 2015.

Company name	<ul style="list-style-type: none"> MF Global UK Limited (in Special Administration)
Company number	<ul style="list-style-type: none"> 01600658
Trading names	<ul style="list-style-type: none"> MF Global MF Global Direct MF Global Markets
FCA registration number	<ul style="list-style-type: none"> 106052
Date of incorporation	<ul style="list-style-type: none"> 27 November 1981
Registered office	<ul style="list-style-type: none"> 15 Canada Square, London, E14 5GL
Previous addresses	<ul style="list-style-type: none"> 8 Salisbury Square, London, EC4Y 8BB 5 Churchill Place, Canary Wharf, London E14 5HU Sugar Quay, Lower Thames Street, London EC3R 6DU
Court	<ul style="list-style-type: none"> High Court of Justice, Chancery Division, Companies Court
Court reference	<ul style="list-style-type: none"> 9527 of 2011
EC Regulation on insolvency proceedings (1346/2000)	<ul style="list-style-type: none"> The EC Regulation does not apply
Special Administrators	<ul style="list-style-type: none"> Richard Heis, Michael Pink and Richard Fleming
Administrators' business address	<ul style="list-style-type: none"> 15 Canada Square, London, E14 5GL
Date of appointment	<ul style="list-style-type: none"> 31 October 2011
Appointer	<ul style="list-style-type: none"> Court
Para 100(2) statement	<ul style="list-style-type: none"> In accordance with Rule 8 (3) (e), any acts required or authorised under all enactment to be done by either or all of the Special Administrators may be done by all or any one or more of the persons for the time being holding that office.
Directors (as at 31 October 2011)	<ul style="list-style-type: none"> Bradley Ira Abelow, David Moses Gelber, Francis Kemper Cagney, Richard Warren Moore and Charles Graham Pendred
Secretary (as at 31 October 2011)	<ul style="list-style-type: none"> Vicki Kong
Shareholder	<ul style="list-style-type: none"> Wholly owned by MF Global Holdings Europe Limited

Special Administrators' abstract of receipts and payments for the period 1 May 2015 to 30 October 2015 and 31 October 2011 to 30 October 2015

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts						
(000)	£	\$	€	Various Other Currencies (£)	Period total 1 May 2015 – 30 October 2015 (£)	Cumulative total 31 October 2011 – 30 October 2015 (£)
Receipts						
Sale of Fixed Inc. (bonds, T-Bills, etc.)	-	-	-	-	-	286,778
Sale of Equities – Stocks, Investments and Other Assets	-	-	-	-	-	118,754
Termination of Other Market Contracts	-	-	-	-	-	23,888
Termination of ISDA Contracts	-	-	-	-	-	93,130
Collateral/Cash from Banks	-	-	-	-	-	341,529
Collateral/Cash from Exch/CI Hse/Brokers	1,501	-	1,000	-	2,220	310,580
Other Receipts	346	(70)	-	-	301	70,747
VAT control	-	-	-	-	-	15,011
Cost allocations between Estates	0	14	-	-	9	54,944
Gross interest	434	-	-	-	434	9,373
Output VAT (payable)	18	-	-	-	(18)	1,515
Total Receipts	2,300	(56)	1,000	-	2,946	1,326,251

Source: JSAs' Records

Special Administrators' abstract of receipts and payments for the period 1 May 2015 to 30 October 2015 and 31 October 2011 to 30 October 2015 (cont.)

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts						
(000)	£	\$	€	Various Other Currencies (£)	Period total 1 May 2015 – 30 October 2015 (£)	Cumulative total 31 October 2011 - 30 October 2015 (£)
Payments						
Dividends to non-segregated creditors ^(a)	(30,491)	-	-	-	(30,491)	(742,958)
Special Administrators' Fees and Disbursements	(2,297)	-	-	-	(2,297)	(100,354)
Other Payments (see page 20)	(867)	(143)	(0)	-	(961)	(22,528)
Legal and Professional Fees	(1,128)	-	-	-	(1,128)	(33,818)
Transfer to CMP	-	-	-	-	-	(130,133)
Set off with Estate	-	-	-	-	-	(63,991)
PAYE and NIC	(1)	-	-	-	(1)	(21,359)
Input VAT (receivable)	(711)	64	-	-	(669)	(23,644)
Client Money Dividends - Preferential	-	-	-	-	-	(5)
Irrecoverable VAT	(186)	-	-	-	(186)	(7,683)
Wages and Salaries	7	-	-	-	7	(26,607)
Settlement with Pension Trustees	-	-	-	-	-	(19,000)
Loan to MFG Services	-	-	-	-	-	(10,000)
Total Payments	(35,675)	(79)	(0)	-	(35,726)	(1,202,081)
Net position	(33,375)	(135)	1,000	-	(32,781)	124,170
Inter account currency transfers	711	-	(1,000)	-	-	28,917
Effect of revaluing previous R&Ps at 30 October 2015 FX rates						11,439
Total cash movement for period	(32,664)	(135)	-	-	(32,781)	164,525

Note: (a) Distributions presented here will not reconcile with those discussed elsewhere in this report due to timing differences and deemed distributions.
Source: JSAs' records.

Special Administrators' abstract of receipts and payments for the period 1 May 2015 to 30 October 2015 and 31 October 2011 to 30 October 2015 (cont.)

MF Global UK Limited (in Special Administration): Client Money Pool receipts and payments accounts						
(000)	£	\$	€	Various Other Currencies (\$)	Period total 1 May 2015 – 30 October 2015 (\$)	Cumulative total 31 October 2011 - 30 October 2015 (\$)
Receipts						
Sale of Equities	-	-	-	-	-	6,291
Sale of other assets	-	-	-	-	-	686
Collateral/Cash from Exch/CI Hse/Brokers	-	-	-	-	-	442,728
Collateral/Cash from Banks	-	-	-	-	-	442,980
Sale of Fixed Inc. (bonds, T-Bills, etc.)	-	-	-	-	-	260
Brokerage Receipts	-	-	-	-	-	429
Gross interest	-	-	-	-	-	3,424
Dividend income	-	-	-	-	-	31,554
Termination of other Market Contracts	-	-	-	-	-	56
Income from Client Charges	-	-	-	-	-	94
Receipts re repayment of Credit Lines	-	-	-	-	-	196
Set off with House Estate	-	-	-	-	-	103,384
Transfer from House Estate	-	-	-	-	-	191,954
Sundry Refunds	-	-	-	-	-	1
Adjustment for Client Asset Distributions	-	-	-	-	-	(208,329)
Total receipts	-	-	-	-	-	1,015,709
Payments						
Client money distributions	(127)	(161)	-	-	(354)	(951,370)
Professional Fees	-	-	-	-	-	(8)
Cost allocations between estates	(0)	(14)	-	-	(14)	(89,013)
Post administration receipt refunds	-	-	-	-	-	(11)
Bank charges	-	(0)	-	-	(0)	(97)
Total payments	(127)	(175)	-	-	(368)	(1,040,498)
Net position	(127)	(175)	-	-	(368)	(24,789)
Inter account currency transfers	126	(194)	-	-	(2)	24,828
Effect of revaluing previous R&Ps at 30 October 2015 FX rates	-	-	-	-	-	(39)
Total cash movement for period	(1)	(369)	-	-	(370)	-

Note: (a) Distributions presented here will not reconcile with those discussed elsewhere in this report due to timing differences and deemed distributions.

Source: JSAs' Records.

Notes:

1. Statement of Affairs

- There are no 'estimated to realise' figures as the Directors detailed realisations of all asset categories as 'uncertain' in their Statement of Affairs.

2. Currency exchange

- The receipts and payments accounts are prepared using the 30 October 2015 foreign exchange spot rates. The JSAs have periodically converted foreign currency balances received into GBP (for the unsecured estate) and USD equivalent (for the CMP) in order to minimise exposure to movements in foreign exchange rates. 'Currency exchange' refers to the difference between the spot rates applicable on the day of each actual receipt compared to the actual spot rates used for converting currencies in this receipts and payments account.

Effect of revaluing previous receipts and payments at 30 October 2015 FX rates

- Cumulative receipts and payments totals detailed in progress reports to date have been valued using the FX spot rates applicable on 30 April 2012, 30 October 2012, 30 April 2013, 30 October 2013, 30 April 2014, 30 October 2014, 30 April 2015 and 30 October 2015 respectively for each six month reporting period. This line reflects the adjustment required to revalue the previous receipts and payments accounts at the 30 April 2015 FX spot rates.

3. Suspense account

- Cash received into the Company's post-administration bank accounts from third parties, the source and/or nature of which is yet to be determined, is reflected under the heading 'Suspense account' until such time as the transactions are fully identified and posted to the appropriate ledger accounts.

4. Receipts – Other

Non-segregated 'Other' receipts comprise	
£'000	Current period
Sundry refunds	2
Dividend income	342
Client charges	2
Inter-currency VAT reallocation	(46)
Total	301

Source: JSAs' Records

5. Payments – Other

Non-segregated 'Other' payments comprise	
£'000	Current period
IT suppliers	483
Property Expenses	151
Subcontractors	356
Telephone and data services	(81)
Miscellaneous other payments	53
Total	961

Source: JSAs' Records

Notes (cont.):

6. Special Administrators' Fees and Disbursements

Summary of total payments to Special Administrators and their affiliates		
£	1 May 2015 - 30 October 2015	Total to 30 October 2015
Special Administrators' fees (post appointment)	2,296,512	95,883,039
Special Administrators' fees (pre-appointment)	-	206,891
Disbursements		
MFG Services Administrators' fees	-	2,395,959
Fees paid to KPMG affiliates for professional services	-	205,966
Fees paid to KPMG affiliates for seconded staff	-	218,693
Disbursements – Travel, accommodation and subsistence	-	591,050
Other Disbursements (predominantly software maintenance)	-	852,465
Total disbursements	-	4,264,132
Total fees and disbursements	2,296,512	100,354,062

Source: JSAs' records.

7. Interest

- All bank accounts held attract a market rate of interest. Where possible, one or three month money market deposits have been placed on significant cash balances in order to attract more favourable interest rates.

8. Recharge of non-segregated costs

- All costs incurred with regard to the Special Administration were initially funded out of the House Estate. A proportion of these costs were re-allocated to the CMP which reimbursed the House Estate during the period. As agreed with the Creditors' Committee, the allocation of costs was based on a pro-rata of the gross assets of each estate.

Notes (cont.):

9. VAT

- All receipts and payments are shown net of VAT.

Non-segregated 'VAT refunds' comprise		
£000	Current Period	To 30 October 2015
Post-appointment VAT	(669)	(7,097)
Pre-appointment VAT	-	5,600
TOTAL	(669)	(1,497)

Source: JSAs' Records

10. Additional information

- Creditors are advised that any additional information regarding other expenses charged for the period is available from the Special Administrators upon request by any Secured Creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 201. This request must be made within 21 days of receipt of the attached Report. In addition creditors are reminded that the quantum can be challenged by any Secured Creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt or a client with the concurrence of clients representing at least 10% of the total claims in respect of Client Assets held by making an application to Court in accordance with Rule 202 within eight weeks of receipt of the attached Report. The full text of these rules can be provided upon request.

Non-segregated cash balances: Breakdown by foreign currencies		
30-Oct-15	£ 000	FC 000 ^(a)
GBP	163,080	163,080
USD	1,445	2,206
EUR	-	-
Total cash in hand	164,524	

Note: (a) Amounts shown in local currency.
Source: JSAs' Records.

- The realisation of MFGUK's assets and recovery of house and non-segregated monies means that the Special Administrators hold significant cash balances at any point in time.
- Currency risk has largely been addressed by the conversion of foreign currencies to Sterling in the case of the House Estate, with only minimal balances held in other denominations to meet operational needs.
- The Special Administrators have continued to invest MFGUK's cash with the objective of protecting capital rather than searching for maximum investment returns. The Special Administrators' clearing bank services are provided by four high street banks, and cash for the House Estates has been deposited (in the form of current accounts, short term deposits or money market deposits) in varying amounts with these banks for diversification purposes. The banks were selected on the basis of their credit ratings and lack of conflicts and this continues to be monitored.

Special Administrators' abstract of other costs incurred but not fully paid as at 30 October 2015

Schedule of other costs incurred but not fully paid as at 30 October 2015			
(£)	Incurred and unpaid	Partially paid post 30 October 2015	Outstanding
Special Administrators' fees and disbursements:			
■ Fees	3,714,258	-	3,714,258
■ Disbursements	90,025	-	90,025
Legal fees and disbursements:			
■ Weil	88,793	-	88,793
■ Counsel	-	-	-
■ Disbursements	153	-	153
Other costs	118,384	19,029	99,356
Total	4,011,613	19,029	3,992,584

- The table above show costs accrued in the six months to 30 October 2015 that have not been fully paid. The costs are shown net of any VAT.
- Other costs is comprised of IT, occupancy and contractor costs.
- In addition, a full breakdown of payments made during the period can be found in the schedule of receipts and payments at Appendix 2.
- Creditors are advised that any additional information regarding other expenses charged for the period is available from the JSAs upon request by any Secured Creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 201. This request must be made within 21 days of receipt of the attached Report. In addition creditors are reminded that the quantum can be challenged by any Secured Creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt or a client with the concurrence of clients representing at least 10% of the total claims in respect of Client Assets held by making an application to Court in accordance with Rule 202 within eight weeks of receipt of the attached Report. The full text of these rules can be provided upon request.

MF Global UK Limited (In special administration) – SIP 9 for the period 1 May 2015 to 30 October 2015							
	Partner/Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Cashiering							
Fund management	0.20	7.30	-	-	7.50	3,694.50	492.60
General (Cashiering)	-	85.10	80.10	-	165.20	68,972.50	417.51
Reconciliations (& IPS accounting reviews)	-	16.00	91.70	-	107.70	34,303.50	318.51
General							
Books and records	-	28.30	3.60	-	31.90	15,661.50	490.96
Fees and WIP	9.90	17.60	116.05	5.00	148.55	52,991.50	356.73
Other office holders	4.50	-	-	-	4.50	3,465.00	770.00
Statutory and compliance							
Statutory receipts and payments accounts	2.60	-	-	-	2.60	2,002.00	770.00
Appointment and related formalities	1.10	-	-	-	1.10	847.00	770.00
Pre-appointment checks	3.50	-	-	1.75	5.25	2,806.25	534.52
Checklist & reviews	-	-	-	0.25	0.25	28.75	115.00
Court hearing and preparation	0.20	-	-	-	0.20	154.00	770.00
Regulatory reports and Investigations	4.50	-	-	-	4.50	3,465.00	770.00
Strategy documents	44.20	-	-	-	44.20	34,034.00	770.00
Tax							
FACTA Reporting	-	-	0.40	-	0.40	114.00	285.00
Post appointment corporation tax	0.70	13.50	4.50	-	18.70	8,642.75	462.18
Post appointment overseas tax	1.00	9.50	-	-	10.50	6,136.50	584.43
Post appointment VAT	0.20	24.20	55.75	-	80.15	31,183.00	389.06
Committees							
Meetings	-	7.90	-	-	7.90	4,740.00	600.00
Formation	1.70	-	0.90	-	2.60	1,565.50	602.12
Reports	2.80	26.80	46.30	-	75.90	30,547.00	402.46

MF Global UK Limited (In special administration) – SIP 9 for the period 1 May 2015 to 30 October 2015							
	Partner/Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Creditors and claims							
Assignment of claims – Non FSCS	-	-	23.80	4.00	27.80	7,243.00	260.54
Agreement of unsecured claims	2.80	43.75	356.20	161.25	564.00	166,309.25	294.87
Creditors – Creditors and claims	0.60	-	-	-	0.60	462.00	770.00
GTA	-	-	2.40	-	2.40	684.00	285.00
General correspondence	2.80	44.80	301.15	379.25	728.00	163,720.25	224.89
General estate – Realisation of assets	0.40	67.90	-	-	68.30	41,048.00	601.00
General estate – Affiliate debtors and claims	2.70	-	-	-	2.70	2,079.00	770.00
Legal claims	4.90	-	0.90	-	5.80	4,029.50	694.74
Payment of dividends	14.40	3.00	401.35	54.75	473.50	148,080.25	312.74
Pre-appointment overseas tax	1.50	15.60	-	-	17.10	10,515.00	614.91
Pre-appointment VAT/PAYE/CT	7.40	-	-	-	7.40	5,698.00	770.00
Statutory reports	8.60	7.40	67.80	3.75	87.55	29,756.25	339.88
Employees							
Pensions reviews	-	0.30	-	-	0.30	145.50	485.00
Client assets/Client monies							
Client assets – Distributions	0.60	-	-	-	0.60	462.00	770.00
Client monies – Payment of dividend	0.70	-	-	-	0.70	539.00	770.00
Trading							
HR	6.00	-	-	-	6.00	4,620.00	770.00
Cash & profit projections & strategy	4.50	-	-	-	4.50	3,465.00	770.00
Cash & Reconciliation – Client monies	0.30	-	-	-	0.30	231.00	770.00
Communications – FSA	0.40	-	-	-	0.40	308.00	770.00
Engagement Management	102.30	823.60	166.05	28.00	1,119.95	619,431.50	553.09
IT, Systems, Cut Off & Information	9.80	557.50	-	-	567.30	282,418.50	497.83
Trading – Support Functions	-	37.50	-	-	37.50	22,500.00	600.00
Purchases and trading costs	6.60	-	96.70	100.50	203.80	44,199.00	216.87

MF Global UK Limited (In special administration) – SIP 9 for the period 1 May 2015 to 30 October 2015							
	Partner/Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Investigations							
Review of pre-appt transactions	-	180.40	144.70	-	325.10	144,245.00	443.69
Asset realisation							
Other assets	0.30	0.60	4.20	-	5.10	1,692.00	331.76
Cash and investments	21.50	0.60	317.00	3.00	342.10	128,145.00	374.58
Debtors	0.60	7.00	-	-	7.60	3,857.00	507.50
Open cover insurance	-	2.00	-	-	2.00	1,200.00	600.00
Pre-appointment tax & VAT refunds	17.80	5.00	1.60	-	24.40	16,587.00	679.80
Total in period	294.60	2,033.15	2,283.15	741.50	5,352.40	2,159,024.25	403.37
LCH costs	79.80	3.00	22.10	-	104.90	64,181.00	611.83

Summary of charge out rates in operation during the course of the Special Administration						
£/Hour	Full scale	As agreed with the Creditors' Committee				
	To 30 Oct 2015	31 Oct 2011 to 31 Dec 2011	1 Jan 2012 to 31 Dec 2012	1 Jan 2013 to 31 Dec 2013	1 Jan 2014 to 31 Dec 2014	1 Jan 2015 to present
Restructuring, Corporate Finance, Tax and any other relevant in-house advice						
Partner/Associate Partner	945	750	725	745	745	770
Director	895	700	635	660	660	680
Senior Manager	855	540	525	545	575	600
Manager	695	430	420	435	460	485
Senior Administrator/Assistant Manager/Consultant	505	350	310	325	345	350
Administrator (Grade 2 and higher)	390	280	250	260	275	285
Administrator (Grade 1)	390	195	175	185	200	210
Support staff	135	110	100	100	110	115
Intern	45	50	50	50	55	55

Note: All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time in units of six minutes directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration function is not charged directly to the assignment but is reflected in the level of charge out rates.

Source: JSAs' records.

Summary of disbursements incurred from 1 May 2015 to 30 October 2015	
	£
Category 1	
Accommodation and subsistence	1,242
Travel	403
Third party trader	-
Other (predominantly ICT costs)	235
Printing and Consumables	-
Telecoms	-
	1,880
Category 2	
MFG Services Administrators' fees	-
Software Maintenance	-
Professional services provided by other KPMG firms	69,472
Staff provided by other KPMG firms ^(a)	-
Mileage	13
	69,485
Total disbursements	71,365

Note: (a) Relates to staff secondment fees paid to KPMG in the Channel Islands.

Source: JSAs' records.

KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

- **Category 1 disbursements:** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.
- **Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

Category 2 disbursements charged by KPMG Restructuring include mileage, this is calculated as follows:

Mileage claims fall into three categories:

1. Use of privately-owned vehicle or car cash alternative – 45p per mile
2. Use of company car – 60p per mile
3. Use of partner's car – 60p per mile
4. Use of privately-owned bicycle – 12p per mile

Software Licence Fees

- The software licence fees relate to the usage of commercially available systems used by KPMG to enable the JSAs to efficiently search and review MFGUK data, whilst maintaining an audit trail of review activity. The costs are based upon the quantum of data processed but also include associated charges to cover secure web based hosting and secure access to the review system.



cutting through complexity

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