



MF Global UK Limited (in special administration)

Updated Illustrative Financial Outcome as at 31 March 2016

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31 May 2016

Important notice

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Glossary of terms

Client Money Pool/CMP	Segregated client monies, together with those client monies that ought to have been segregated as at 31 October 2011
Court	High Court of Justice, Chancery Division, Companies Court
House Estate	Non-segregated creditor and estate assets
FCA	Financial Conduct Authority
German Introducing Broker	Claimants who have asserted claims which arise from certain introducing brokers in Germany
MFGHK	MF Global Hong Kong Ltd (In Creditors' Voluntary Liquidation)
MFGS	MF Global Singapore Pte Limited (In Creditors' Voluntary Liquidation)
MFGUK/the Company	MF Global UK Limited (in special administration)
Parallel Claim	A Parallel Claim is a client's unsecured claim for the difference between the value of its contractual right against MFGUK and the value of its distributions received from the CMP
Special Administration	The Special Administration procedure in accordance with the Investment Bank Special Administration Regulations 2011
Special Administrators/JSAs	Richard Heis, Michael Pink and Richard Fleming as Joint Special Administrators of MF Global UK Limited (in special administration)
£	Sterling
\$	US Dollar
€	Euro

Other capitalised terms are as defined in previous communications

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Update

Update

Illustrative financial outcome

Client Money Pool update

- The JSAs declared and paid the final CMP dividend in November 2014. The final payout rate for the CMP was 90.65¢ in the \$. The CMP has been formally closed and no funds relating to the CMP are held by the JSAs.

House Estate update

- In August 2015, the JSAs declared a fifth unsecured creditor dividend of 3.3p in the £, bringing the cumulative total to 87.8p in the £.
- Since the distribution of the fifth interim dividend, the JSAs have:
 - Reached settlement with the majority of the German Introducing Broker claims and as a result been able to release creditor provisions of £18 million in the low case and £6 million in the high case. Negotiations are ongoing with the remaining claimants;
 - Received notification that MFGS have declared a final dividend of 20c in the \$ for their client money estate and a 65c in the \$ interim dividend for their house estate and as a result MFGUK received £5.7 million in distributions in April and May 2016;
 - Released £11 million from the provision for unagreed claims in the House Estate distribution calculation; and
 - Finalised the calculation of and paid catch up distributions in relation to all Parallel Claims as a result of the CMP closure.
- As a result of the above achievements, the JSAs have recently issued a Notice of intention to declare and distribute a dividend which sets 29 June 2016 as the last date for proving. Following the expiry of the last date for proving, the JSAs will have two months to declare the dividend and pay the distribution.
- As calculated in the tables on the following pages, the Sixth Interim Creditor Dividend is **anticipated** to be 3p in the £, bringing the cumulative total to 90.8p in the £.
- However, the Administrators will not be able to finalise the dividend figure until after the last date for proving. All creditors will be notified of the actual level of the Sixth Interim Creditor Dividend in due course following the last date for proving.
- Based on current information, and subject to the various material cautions and caveats set out in this document, the final payout rate for unsecured claims has improved and is now forecast to be between 99.1% to £61 million surplus (previous estimate was 95.3% to £45 million surplus) and the range of outcomes between the low case and high case has narrowed to £70 million (previous estimate was £91 million). To apply a percentage to the surplus is not particularly meaningful owing to the distorting effects of the CMP shortfall, transfers and set-offs, and also the issue of priority between statutory interest and subordinated debt.
- As the number of outstanding items which impact the final outcome have reduced to a limited number, the JSAs are evaluating the exit options for the House Estate and shall update creditors as and when there are any material developments.



Summary of model and distributions

Summary of model and distributions

Illustrative financial outcome

Summary of model

- The tables on the following pages provide an updated summary of the illustrative financial outcome for the House Estate as at 31 March 2016. The only material movement in the figures as at the date of this report is the recovery of £5.7 million of distributions from MFGS which were received in April and May 2016.
- It should be noted that the illustrative range of financial outcomes presented includes a 'low' (i.e. more prudent) case estimate and a 'high' (i.e. less prudent) case estimate for the House Estate. This should not be considered 'best' and 'worst' possible cases.
- The tables are all denominated in GBP, being the base currency of the House Estate.
- The House Estate is still subject to movements and the financial outcome reflects an estimate only.



House Estate - Summary of illustrative financial outcome

House Estate – Summary of illustrative financial outcome

Illustrative financial outcome

Illustrative financial outcome (including comparison to that previously reported)							
	As at 31 March 2015		As at 31 March 2016		Variance		Narrative
	Low (£m)	High (£m)	Low (£m)	High (£m)	Low (£m)	High (£m)	
House estate							
Amount currently under the control of the JSAs	197	197	152	152	(45)	(45)	A
Amounts previously distributed by the JSAs	763	763	806	806	43	43	A
Amounts collected by virtue of set off	350	350	350	350	-	-	
Affiliate Debtors	5	7	6	7	1	-	B
Third party receivables	2	62	18	70	16	8	C
Total projected recoveries	1,318	1,379	1,332	1,385	14	6	
Priority claimants/costs of the administration							
Estimated future costs	(28)	(19)	(25)	(17)	3	2	D
General contingency	(12)	(7)	(12)	(7)	-	-	
Total priority payments	(40)	(26)	(37)	(24)	3	2	
Assets available for distribution	1,278	1,353	1,295	1,361	17	8	
Liabilities							
Creditor liabilities	(974)	(958)	(954)	(951)	20	7	
Amount settled by way of client asset claim	(115)	(115)	(115)	(115)	-	-	
Amount settled by set off	(235)	(235)	(235)	(235)	-	-	
Total claims	(1,324)	(1,308)	(1,304)	(1,300)			
Funds available – excluding set-off amounts	928	1,003	945	1,011	17	8	E
Total claims – excluding set-off amounts	(974)	(958)	(954)	(951)	20	7	E
Illustrative financial outcome – excluding set-off amounts	(46)	45	(9)	61	37	16	F

Illustrative financial outcome (cont.)

Narrative analysis of developments and further explanations

- A. Funds available for distribution have decreased following the payment of the fifth interim dividend and catch up distribution in relation to Parallel Claims.
- B. MFGS have declared dividends from both their client estate and house estate which were received in April and May 2016 and total £5.7 million. Both MFGS and MF Global Hong Kong Limited have reported revised outcome estimates which are higher than previously forecast.
- C. Third party receivables consists of various outstanding amounts. The largest amount relates to a foreign withholding tax reclaim which has been subject to high levels of scrutiny by the relevant tax authority. The recoverability of the amount is uncertain. Significant work has been performed, and will continue to be required of the JSAs, to manage the increasing demands of the tax authority. MFGUK received reclaim payments from the relevant tax authority amounting to €47 million prior to the administration and €2 million during the administration and the scrutiny relating to these reclaim receipts has been similar to that in respect of the outstanding receivables. No amount has been reserved for in the illustrative financial outcome for the amounts previously received.
- D. The quantum shown for future costs have increased slightly to the prior period as although the estimated costs for the remaining future periods in both the low case and high case have increased this is offset against costs paid during the period.
- E. Adjustments have been made to account for set-off arrangements and where the creditor has deemed distributions in excess of the current distribution level as a result of transferring positions. This then allows the calculation of the illustrative dividend percentages from the House Estate for participating creditors.
- In the high case a surplus is forecast. The JSAs are evaluating the exit options for the House Estate and shall update creditors as and when there are any material developments.



Summary of illustrative funds available for distribution from the House Estate

Summary of illustrative funds available for distribution from the House Estate

Illustrative financial outcome

The summary tables below should be read in conjunction with the underlying assumptions and the narrative detailed on the following page.

House Estate dividend calculation			
	As at 28 August 2015 (£m)	As at 31 March 2016 (£m)	Narrative
Assets available for distribution			
Amount currently under the control of the JSAs	199	152	
Amounts previously distributed by the JSAs	763	806	
Provision for future costs	(28)	(25)	
General contingency	(12)	(12)	A
Holdback	(2)	(2)	B
MFGS distributions recovered in Q2 of 2016	-	6	C
Estimated funds available for distribution	920	925	
Estimated participating claims			
Low case – House Estate liabilities	(972)	(954)	
Provision for unagreed claims	(75)	(64)	D
Estimated participating claims	(1,047)	(1,018)	
Estimated incremental dividend	3.3p in the £	3.0p in the £	
Dividends previously declared	84.5p in the £	87.8p in the £	
	87.8p in the £	90.8p in the £	E

Summary of illustrative funds available for distribution from the House Estate

Detailed assumptions and narrative

Detailed assumptions and narrative.

- A. General contingency for unexpected events.
 - B. Holdbacks that are required in relation to the recovery of cash from financial institutions are set out here.
 - C. The JSAs received distributions of £5.7 million from MFGS in Q2 of 2016.
 - D. The JSAs are required to reserve in full for all claims that have not been accepted or rejected. This balance reflects the difference between claimed amounts and amounts recognised by MFGUK in relation to unagreed claims.
 - E. The ultimate return for an individual creditor will be dependent on a number of factors including the final recovery of outstanding amounts, foreign exchange movements due to the timing of conversion and payment and the resolution of disputed creditor claims.
- This illustrative financial outcome is for illustrative purposes only and is based on the information available to the JSAs at the time of disclosure. No reliance should be placed on the values contained within the summary or the illustrative financial outcome to clients and creditors. The quantum of dividends ultimately declared will be determined by the level of available funds and client and creditor claims at the point of declaration of those dividends having taken account of any contingencies that the JSAs consider appropriate to be reserved for on a prudent basis.



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