



MF Global UK Limited - In Special Administration

Special Administrators' Progress Report for the six month period

31 October 2015 to 30 April 2016

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31 May 2016

Notice: About this Report

This Report has been prepared by Richard Heis, Richard Fleming and Michael Robert Pink, 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 April 2016. However, where possible we have provided updated data beyond 30 April 2016. 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 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.

Glossary of terms

Affiliate(s)	A company or companies within the MFG Holdings Group	MFG Inc	MF Global Inc.
CMP	Client Money Pool	MFG Services	MF Global UK Services Limited (in administration)
Company/ MFGUK	MF Global UK Limited of 15 Canada Square, London E14 5GL with company registration 01600658	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
Court	High Court of Justice Chancery Division Companies Court	Regulations	The Investment Bank Special Administration Regulations 2011
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	Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
FCA	Financial Conduct Authority	SIPA	Securities Investor Protection Act (US)
Finance USA	MF Global Finance USA Inc.	SIPA Trustee	Trustee of MF Global Inc./Mr J Giddens
FSCS	Financial Services Compensation Scheme	SIPC	Securities Investor Protection Corporation (US)
FX	Foreign Exchange	Special Administrators/ JSAs	Richard Heis and Michael Robert Pink of KPMG LLP
Group	The Company and subsidiaries	US	United States of America
ISDA	International Swaps and Derivatives Association	Weil	Weil, Gotshal and Manges
ISA	Insolvency Services Account at the Bank of England	\$/Dollar	United States dollar (unless otherwise stated)
KPMG	KPMG LLP	€	Euro
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.

Contents

	Page		Page
Introduction	5	Appendices	16
Executive summary	6	1. Statutory information	17
Unpaid CMP distributions	7	2. Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016	18
Future distributions and illustrative financial outcome statement	8	3. Special Administrators' abstract of other costs incurred but not fully paid as at 30 April 2016	24
Creditor claims	9	4. Analysis of time costs for the period 31 October 2015 to 30 April 2016	25
Asset summary	12	5. Summary of charge out rates	27
Other key areas	13	6. Summary of disbursements for the period 31 October 2015 to 30 April 2016	28
Costs	14		

Introduction

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 31 October 2015 to 30 April 2016 in accordance with Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011. The JSAs' previous progress report was issued on 26 November 2015 covering the period 1 May 2015 to 30 October 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, Richard Fleming and Michael Pink 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.

Executive summary

Key achievements, events and milestones during the period

Interim House Estate dividend

- The cumulative amount distributed to creditors with agreed claims is **87.8p in the pound**, with the last dividend being the fifth interim dividend declared on 3 September 2015.
- An updated illustrative financial outcome statement as at 31 March 2016 has recently been published and is available on our website. This shows that the estimated final pay-out rate for unsecured creditors has increased to be between 99.1p in the pound in the low case and 100p in the pound plus a surplus of £61 million in the high case. 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 detailed in the updated illustrative financial outcome statement, a notice of intention to declare the sixth interim dividend has recently been issued with payment expected to be made within two months of the final date for proving, being 29 June 2016. The dividend is anticipated to be a further 3.0p in the pound, bringing the cumulative total to **90.8p in the pound**.

Future dividends and illustrative financial outcome statement

- The timing and quantum of any further future dividends beyond the sixth interim dividend to be declared shortly is currently uncertain, however it is anticipated that there may be no further dividends until the recovery of a bank receivable which is expected in 2018. Should further developments result in any significant change in the illustrated financial outcome, an updated illustrated financial outcome will be issued and notices will be sent to all known creditors.
- With the limited number of outstanding items which impact the final outcome of the house estate, albeit some having a relatively long lead time to resolution, the JSAs are now evaluating the exit options for the House Estate and shall update creditors as and when there are any material developments.

Creditor claims

- During the period, the estimated value of total creditor claims in the House Estate reduced by £13.8 million due to the resolution of the majority of the “German IB” claims which were previously in dispute. Please see the Creditor claims section of the report for further information.

Assets

- MFGUK has received further dividend distributions from affiliate entities against which it has admitted claims. £2.5 million was recovered from MFG Singapore in April 2016 and therefore is included in the figures in this report and then a further £3.2 million was recovered in May 2016 which is not included in the figures of this report unless specifically stated otherwise.
- 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 reclaims. The funds from the bank are expected in 2018 although there is currently no definite timescale for the release of the foreign tax authority asset.
- Please see the Asset section of the report for further information.

Unpaid CMP distributions

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

Unpaid CMP distributions

- The CMP is formally closed and no funds relating to the CMP are held by the JSAs.
- 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 (0)20 7785 0308 or mfglobalclaims@kpmg.co.uk who will look to assist with this process.

House Estate

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

A notice of intention to declare a sixth interim dividend has recently been issued and payment is expected to be made within two months of the final date for proving, being 29 June 2016.

Illustrative financial outcome statement model

- An illustrative financial outcome statement as at 31 March 2016 has recently been published.
- The table below summarises the outcomes presented in the most recent illustrative financial outcome statements published. As illustrated here, the range of estimated outcomes from the House Estate has (between 31 March 2015 and 31 March 2016) reduced to a range of approximately £70 million (previously £90 million range). Please note these should not be considered 'best' and 'worst' cases.
- The published illustrative financial outcome statements can be found on the MFGUK website (<https://home.kpmg.com/uk/en/home/insights/2012/06/mf-global-important-documents.html>).

House Estate	10 October 2014		31 March 2015		31 March 2016	
	Low Case (£m)	High Case (£m)	Low Case (£m)	High Case (£m)	Low Case (£m)	High Case (£m)
Funds available for distribution	921	1,002	928	1,003	945	1,011
Total Creditor claims	(988)	(958)	(974)	(958)	(954)	(951)
Surplus/(Deficit)	(67)	44	(45)	45	(9)	61
Variance to prior illustration	22	(2)	22	1	36	16

Source: JSAs' records and estimates.

- A notice of intention to declare a sixth interim dividend has recently been issued and payment is expected to be made within two months of the final date for proving, being 29 June 2016. The illustrative financial outcome statement as at 31 March 2016 shows that a 3p in the pound dividend could be declared, bringing the cumulative total to 90.8p in the pound.
- Should further developments result in any significant change in the illustrated financial outcome issued on 31 May 2016, an updated illustrated financial outcome will be issued and notices will be sent to all known creditors.

Status of statements

As at 30 April 2016, the total value of creditor claims has decreased by £13.8 million to a total of £1.30 billion (previous report: £1.32 billion).

Of the total creditor amount, £1.27 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 April 2016 is provided below.

Status of creditor claims			
	Number	Value (£000)	Change in period (£000)
Creditors			
Fully agreed proposals	1,884	612,179	1,162
Final proposals sent but not agreed	281	15,252	(1,126)
Parallel Claims – Issued	3,650	41,523	-
Total trading proposals issued^(a)	5,500	668,954	36
CMP clients who lost their CMP entitlement	1	1,323	-
Dormant Accounts	697	1,004	(16)
Total trading statements	6,198	671,281	20
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	242	14,684	(20)
Suppliers – Proposals not yet issued	26	1,104	(283)
German introducing broker claimants – Agreed	263	16,155	16,155
German introducing broker claimants – Proposals not yet issued ^(c)	84	5,337	(29,937)
Claim submitted being investigated by the Special Administrators – Proposals not yet issued	1	900	250
Total	6,832	1,303,588	(13,815)

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.

(c) Value is claimed amount excluding claims previously rejected.

Source: Special Administrators' records.

Affiliate, supplier and German litigation claims

The reduction in creditor claims by £13.8 million during the period relates largely to the agreement of the majority of the German Introducing Broker claims.

Proposals not agreed or not yet issued

- Included in this category are creditors with claims totalling:
 - £6.7 million who have already received a large portion of their claim value as deemed distributions as a result of transferring their positions to new brokers shortly after MFGUK entered into Special Administration;
 - £3.4 million relating to a creditor that is subject to a regulatory order and therefore currently unable to progress their claim; and
 - £3.5 million relating to a creditor with whom we are in ongoing discussions and expect to agree shortly.
- The remaining balance consists of 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 from participating in dividend distributions should they not submit a claim before the bar date for the final unsecured creditor dividend. Should such creditors be excluded from participating in dividend distributions, this will increase the final dividend rate for creditors with admitted claims.

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 dispute relating to the final apportionment of the pension liability between MFGUK and MFG Services. As previously reported, this issue is currently before the English court. In March 2015 judgment was initially received in favour of MFG Services. However, the JSAs appealed that decision and the appeal was heard between 17-18 May 2016. The Court of Appeal is expected to hand down its decision later this year.

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 largely 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 dividend distribution has been paid to the creditor in relation to the principal and interest claim whilst the costs claim continues to be calculated.

German Introducing Brokers

- These claims are held by three different claim aggregators. The JSAs have agreed settlements with two of the claim aggregators in which a number of the underlying individual claims were rejected whilst other claims were admitted at a level lower than that claimed. As a result, the provision for these claims has reduced by £14 million.
- The JSAs continue to work with their legal advisors to resolve the claims held by the one remaining claim aggregator.

FSCS 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.

House Estate

As at 30 April 2016 the JSAs have unrealised non-segregated assets with a gross book value of approximately £74 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 April 2016

£000	Received in the period	Outstanding ^(a)
Banks/Exchanges/Clearing Houses	-	22,805
Affiliates	2,537	3,671
European tax reclaims	-	39,324
Other receipts/realisations	-	8,148
Total	2,537	73,948

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 JSAs continue to negotiate with one bank which has retained funds in relation to possible claims they believe they may be exposed to in the future. The statute of limitations on these claims expire in 2018.

Affiliates

- The realisation during the period of £2.5 million relates to MFG Singapore declaring a final client money dividend bringing the cumulative total to 100%. In addition, MFG Singapore have declared a fourth interim unsecured creditor dividend of 62%, bringing the cumulative total to 90%. As a result, a further £3.2 million was received in May 2016, which relates to the period after the data above.
- Claims have been admitted in the insolvency processes of various affiliate entities with distributions continuing to be received as further dividends are declared. The timing and final quantum of future affiliate distributions currently remains unknown and the amounts are also exposed to FX movements. However, the majority of the value in these claims has been recovered with MFG Australia, MFG Singapore and MFG Hong Kong all now having declared final dividends from their client money estates and only the unsecured estates remaining.

European tax reclaims

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

Other receipts/realisations

- As explained on page 10 of this report, there is an ongoing dispute with MFG Services. In order to minimise the value of the liability, MFGUK prepaid a pension cost, a portion of which is subject to the dispute with MFG Services and should MFGUK be successful in this dispute then an amount of circa £7.7 million may be recovered.

Operational matters

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

- The JSAs have now moved to a smaller Regus office which represents 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. Only two specialist contractors remain. Ongoing requirements are periodically considered to ensure a cost effective wind down of the MFGUK estate as a whole.

JSAs' Costs

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 April 2016, the JSAs' time costs totalled £1.5 million.

JSAs' remuneration

- A receipts and payments account for the period from 31 October 2015 to 30 April 2016 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 April 2016 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 <https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>. 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 April 2016, we have incurred time costs of £1,499,149 representing 3,773 hours at an average hourly rate of £397. 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 April 2016 are £101,025,086 of which a total of £98,311,329 has been drawn on account as at 30 April 2016.

- 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 April 2016 total £31,260, 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.
- Total disbursements to 30 April 2016 totalled £4,393,819 of which £4,361,868 has been drawn as at 30 April 2016.

Payments to KPMG affiliates

- Costs of £29,521 have been incurred during the period from KPMG affiliates for professional services. To date total costs of £321,719 have been incurred from KPMG affiliates of which £292,198 has been drawn as at 30 April 2016.
- 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.

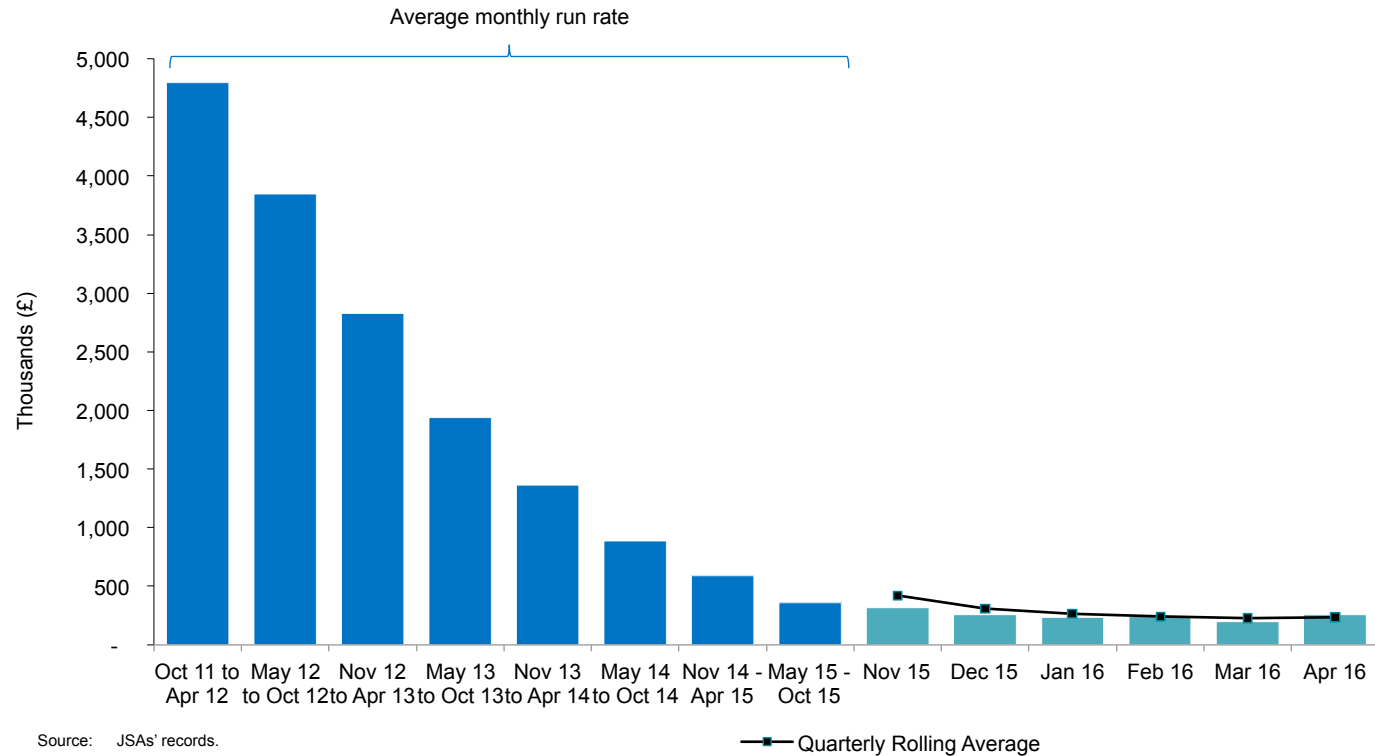
Costs (cont.)

JSAs' Costs

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 April 2016, the JSAs' time costs totalled £1.5 million.

JSAs' time costs by month



Discussion of time cost trends

- Average monthly timecosts have reduced from £0.36 million between April 2015 and October 2015, to £0.25 million during the six month period to April 2016.



Appendices

1. Statutory information.
2. Special Administrators' Abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016.
3. Special Administrators' Abstract of costs incurred and not paid as at 30 April 2016.
4. Analysis of time costs for the period 31 October 2015 to 30 April 2016.
5. Summary of charge out rates.
6. Summary of disbursements for the period 31 October 2015 to 30 April 2016.

Appendix 1

Statutory information

Company name	— MF Global UK Limited (in Special Administration)
Company number	— 01600658
Trading names	— MF Global — MF Global Direct — MF Global Markets
FCA registration number	— 106052
Date of incorporation	— 27 November 1981
Registered office	— 15 Canada Square, London, E14 5GL
Previous addresses	— 8 Salisbury Square, London, EC4Y 8BB — 5 Churchill Place, Canary Wharf, London E14 5HU — Sugar Quay, Lower Thames Street, London EC3R 6DU
Court	— High Court of Justice, Chancery Division, Companies Court
Court reference	— 9527 of 2011
EC Regulation on insolvency proceedings (1346/2000)	— The EC Regulation does not apply
Special Administrators	— Richard Heis, Richard Fleming and Michael Pink
Administrators' business address	— 15 Canada Square, London, E14 5GL
Date of appointment	— 31 October 2011
Appointer	— Court
Para 100(2) statement	— 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)	— Bradley Ira Abelow, David Moses Gelber, Francis Kemper Cagney, Richard Warren Moore and Charles Graham Pendred
Secretary (as at 31 October 2011)	— Vicki Kong
Shareholder	— Wholly owned by MF Global Holdings Europe Limited

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts						
(000)	£	\$	€	Various Other Currencies (£)	Period total 31 October 2015 – 30 April 2016 (£)	Cumulative total 31 October 2011 – 30 April 2016 (£)
Receipts						
Sale of Fixed Inc. (bonds, T-Bills, etc.)	-	-	-	-	-	301,327
Sale of Equities – Stocks, Investments and Other Assets	(4)	-	-	-	(4)	122,171
Termination of Other Market Contracts	-	-	-	-	-	24,894
Termination of ISDA Contracts	-	-	-	-	-	96,923
Collateral/Cash from Banks	-	-	-	-	-	348,905
Collateral/Cash from Exch/CI Hse/Brokers	-	-	-	-	-	328,054
Other Receipts	4	3,710	-	-	2,537	75,414
VAT control	-	-	-	-	-	22,475
Cost allocations between Estates	-	-	-	-	-	54,944
Gross interest	381	-	-	-	381	9,779
Output VAT (payable)	13	-	-	-	13	1,540
Total Receipts	394	3,710	-	-	2,926	1,386,427

Source: JSAs' records.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2015 and 31 October 2011 to 30 April 2016 (cont.)

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts						
(000)	£	\$	€	Various Other Currencies (£)	Period total 31 October 2015 – 30 April 2016 (£)	Cumulative total 31 October 2011 – 30 April 2016 (£)
Payments						
Dividends to non-segregated creditors ^(a)	(10,576)	-	-	-	(10,576)	(753,840)
Special Administrators' Fees and Disbursements	(2,526)	-	-	-	(2,526)	(102,880)
Other Payments (see page 20)	(740)	(107)	-	-	(813)	(27,602)
Legal and Professional Fees	(343)	-	-	-	(343)	(34,186)
Transfer to CMP	-	-	-	-	-	(131,405)
Set off with Estate	-	-	-	-	-	(63,991)
PAYE and NIC	-	-	-	-	-	(21,359)
Input VAT (receivable)	(574)	(2)	-	-	(575)	(24,196)
Dividends to preferential creditors	-	-	-	-	-	(5)
Irrecoverable VAT	(162)	-	-	-	(162)	(7,884)
Wages and Salaries	-	-	-	-	-	(26,607)
Settlement with Pension Trustees	-	-	-	-	-	(19,000)
Loan to MFG Services	-	-	-	-	-	(10,000)
Total Payments	(14,921)	(109)	-	-	(14,995)	(1,222,955)
Net position	(14,527)	3,601	-	-	(12,069)	163,472
Inter account currency transfers	1,351	(2,053)	-	-	(51)	(14,963)
Effect of revaluing previous R&Ps at 30 October 2015 FX rates						5,601
Total cash movement for period	(13,177)	1,548	-	-	(12,120)	154,109

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.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016 (cont.)

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 April 2016 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 April 2016 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, 30 October 2015 and 30 April 2016 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 2016 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
Dividend income	2,532
Client charges	4
Inter-currency VAT reallocation	1
Total	2,537

Source: JSAs' Records.

5. Payments – Other

Non-segregated 'Other' payments comprise	
£'000	Current period
IT suppliers	508
Property Expenses	(33)
Subcontractors	286
Telephone and data services	3
Miscellaneous other payments	49
Total	813

Source: JSAs' Records.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016 (cont.)

Notes (cont.):

6. Special Administrators' Fees and Disbursements

Summary of total payments to Special Administrators and their affiliates		
£	31 October 2015 – 30 April 2016	Total to 30 April 2016
Special Administrators' fees (post appointment)	2,428,290	98,311,329
Special Administrators' fees (pre-appointment)	-	206,891
Disbursements		
MFG Services Administrators' fees	-	2,395,959
Fees paid to KPMG affiliates for professional services	86,232	292,198
Fees paid to KPMG affiliates for seconded staff	-	243,250
Disbursements – Travel, accommodation and subsistence	11,340	677,587
Other Disbursements (predominantly software maintenance)	143	752,875
Total disbursements	97,714	4,361,868
Total fees and disbursements	2,526,004	102,880,067

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.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016 (cont.)

Notes (cont.):

9. VAT

— All receipts and payments are shown net of VAT.

Non-segregated 'VAT refunds' comprise		
£000	Current Period	To 30 April 2016
Post-appointment VAT	(575)	(7,672)
Pre-appointment VAT	-	5,600
TOTAL	(575)	(2,072)

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.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2015 to 30 April 2016 and 31 October 2011 to 30 April 2016 (cont.)

Non-segregated cash balances: Breakdown by foreign currencies		
30-Apr-16	£ 000	FC 000 ^(a)
GBP	151,546	151,546
USD	2,562	3,754
Total cash in hand	154,109	

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.

Appendix 3

Special Administrators' abstract of other costs incurred but not fully paid as at 30 April 2016

Schedule of other costs incurred but not fully paid as at 30 April 2016			
(£)	Incurred and unpaid	Partially paid post 30 April 2016	Outstanding
Special Administrators' fees and disbursements:			
— Fees	2,713,757	-	2,713,757
— Disbursements	31,951	-	31,951
Legal fees and other costs:			
— Weil	46,257	-	46,257
— Counsel	-	-	-
— Other costs	109,569	93,445	16,124
Total	2,901,533	93,445	2,808,089

- The table above show costs accrued in the six months to 30 April 2016 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.

Appendix 4

Analysis of SIP 9 for the period 31 October 2015 to 30 April 2016

MF Global UK Limited (In special administration) – SIP 9 for the period 31 October 2015 to 30 April 2016							
	Partner/Director (Hr)	Manager (Hr)	Administrator (Hr)	Support (Hr)	Total (Hr)	Time cost (£)	Average hourly rate (£/Hr)
Cashiering							
General (Cashiering)	-	56.20	62.90	-	119.10	49,272.00	413.70
Reconciliations (& IPS accounting reviews)	2.50	4.50	48.10	-	55.10	18,497.50	335.71
General							
Books and records	2.00	1.00	48.45	47.50	98.95	19,615.75	198.24
Court hearing and preparation	1.00	-	-	-	1.00	770.00	770.00
Fees and WIP	4.10	2.00	76.80	22.00	104.90	21,577.00	205.69
Other office holders	6.50	-	-	-	6.50	5,005.00	770.00
Statutory and compliance							
Pre-appointment checks	0.50	-	-	2.00	2.50	570.00	228.00
Strategy documents	35.30	-	-	-	35.30	27,181.00	770.00
Tax							
Post appointment corporation tax	13.60	5.30	0.30	-	19.20	12,015.50	625.81
Post appointment overseas tax	8.90	8.75	3.50	-	21.15	13,328.00	630.17
Post appointment VAT	0.40	0.70	48.80	-	49.90	17,226.00	345.21
Committees							
Formation	-	2.30	3.70	-	6.00	2,434.50	405.75
Reports	3.00	-	-	-	3.00	2,310.00	770.00
Meetings	4.50	7.70	3.80	-	16.00	9,168.00	573.00
Creditors and claims							
Agreement of unsecured claims	29.55	1.80	197.30	35.75	264.40	72,184.25	273.01
Assignment of claims – non FSCS	-	-	31.10	25.00	56.10	7,823.50	139.46
General correspondence	2.00	77.40	252.10	100.25	431.75	106,072.25	245.68
General estate - affiliate debtors and claims	9.20	-	-	-	9.20	7,084.00	770.00
Payment of dividends	13.50	6.10	71.60	3.50	94.70	34,509.50	364.41

Appendix 4

Analysis of SIP 9 for the period 31 October 2015 to 30 April 2016 (cont.)

MF Global UK Limited (In special administration) – SIP 9 for the period 31 October 2015 to 30 April 2016							
	Partner/Director (Hr)	Manager (Hr)	Administrator (Hr)	Support (Hr)	Total (Hr)	Time cost (£)	Average hourly rate (£/Hr)
Legal claims	4.80	-	-	-	4.80	3,426.00	713.75
Administration and planning	-	-	-	-	-	-	-
Pre-appointment VAT/PAYE/CT	0.70	-	-	-	0.70	539.00	770.00
Statutory reports	4.50	-	54.80	35.50	94.80	21,087.50	222.44
General estate - realisation of assets	54.70	-	6.80	-	61.50	38,789.00	630.72
Trading							
Communications - Other Regulatory	-	-	4.20	-	4.20	1,197.00	285.00
Engagement Management	64.60	436.10	446.70	13.50	960.90	440,831.00	458.77
Cash & profit projections & strategy	1.50	-	-	-	1.50	1,155.00	770.00
Purchases and trading costs	10.70	-	180.60	60.75	252.05	43,386.25	172.13
HR	5.30	-	-	-	5.30	4,081.00	770.00
Trading - Support Functions	-	3.00	-	-	3.00	1,800.00	600.00
Management information	2.60	-	-	-	2.60	2,002.00	770.00
IT, Systems, Cut Off & Information	5.80	831.30	-	-	837.10	432,199.00	516.31
Investigations							
Review of pre-appt transactions	-	58.50	7.35	-	65.85	37,385.00	567.73
Asset Realisation							
Cash and investments	14.70	1.20	19.40	3.50	38.80	18,670.50	481.20
Debtors	6.40	-	1.20	-	7.60	5,255.00	691.45
Open cover insurance	-	0.70	0.40	-	1.10	534.00	485.45
Other assets	0.60	-	1.20	-	1.80	804.00	446.67
Leasehold property	-	-	0.80	-	0.80	228.00	285.00
Office equipment, fixtures & fittings	-	-	-	9.00	9.00	495.00	55.00
Pre-appointment tax & VAT refunds	24.70	-	-	-	24.70	18,641.00	754.70
Total in period	338.15	1,504.55	1,571.90	358.25	3,772.85	1,499,149.00	397.35

Appendix 5

Summary of charge out rates

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 2011	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.

Appendix 6

Summary of disbursements for the period 31 October 2015 to 30 April 2016

Summary of disbursements incurred from 31 October 2015 to 30 April 2016	
	£
Category 1	
Accommodation and subsistence	1,405
Travel	62
Third party trader	-
Other (predominantly ICT costs)	272
Printing and Consumables	-
Telecoms	-
	1,739
Category 2	
MFG Services Administrators' fees	-
Software Maintenance	-
Professional services provided by other KPMG firms	29,521
Staff provided by other KPMG firms ^(a)	-
Mileage	-
	29,521
Total disbursements	31,260

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.



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