



MF Global UK Limited – In Special Administration

Special Administrators' Progress Report for the six month period

31 October 2017 to 30 April 2018

30 May 2018

Notice: About this Report

This Report has been prepared by Richard Heis, Michael Robert Pink and Edward George Boyle, the Joint 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 2018. However, where practicable we have provided updated data beyond 30 April 2018. 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, Michael Robert Pink and Edward George Boyle are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales. 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 Holdings	MF Global Holdings Limited
CMP	Client Money Pool	MFG Holdings Group	MF Global Holdings Limited and its subsidiaries
Company/MFGUK	MF Global UK Limited of 15 Canada Square, London E14 5GL with company registration 01600658	MFG Inc.	MF Global Inc.
Court	High Court of Justice Chancery Division Companies Court	MFG Services	MF Global UK Services Limited (in administration)
CVA	Company Voluntary Arrangement	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
CVA Proposal	The Special Administrators' proposal for a Company Voluntary Arrangement under Part I of the Insolvency Act 1986 dated 23 rd November 2017	Regulations	The Investment Bank Special Administration Regulations 2011
CVA Supervisors	Richard Heis, Michael Robert Pink and George Edward Boyle of KPMG LLP	Rules	The Investment Bank Special Administration (England and Wales) Rules 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	SIPA	Securities Investor Protection Act (US)
FCA	Financial Conduct Authority	SIPA Trustee	Trustee of MF Global Inc./Mr J Giddens
Finance USA	MF Global Finance USA Inc.	SIPC	Securities Investor Protection Corporation (US)
FSCS	Financial Services Compensation Scheme	Special Administrators/JSAs	Richard Heis, Michael Robert Pink and George Edward Boyle of KPMG LLP
FX	Foreign exchange	US	United States of America
Group	The Company and subsidiaries	Weil	Weil, Gotshal and Manges (London) LLP
GTA	German Tax Authority	\$/Dollar	United States dollar (unless otherwise stated)
ISDA	International Swaps and Derivatives Association	€	Euro
ISA	Insolvency Services Account at the Bank of England		
KPMG	KPMG LLP		

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 or CVA Proposal.



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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 2017 to 30 April 2018 in accordance with Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011. The JSAs' previous progress report was issued on 30 November 2017 covering the period 1 May 2017 to 30 October 2017.— 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. Richard Fleming subsequently resigned as a JSA on 30 June 2016. On 10 May 2017 Edward Boyle was appointed as a JSA.— 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 SIPC liquidation of MFG Inc by a petition to the US District Court for the appointment of a SIPC 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

CVA Proposal

- On 23 November 2017 the JSAs gave notice of their proposal for a CVA under Part I of the Insolvency Act 1986.
- A meeting of creditors was held at The Connaught Rooms in London at 12.00 on 12 December 2017. A majority of creditors voted to approve the Proposal without modification. This meeting was followed at 3.30pm by a meeting of members, at which the sole member also voted in favour of the Proposal without modification.
- On 8 December 2017, a new claim was received from the German Tax Authority. Additionally, on 12 January 2018, two new and unanticipated claims were received from Deutsche Bank. One of Deutsche Bank's claims, in essence, mirrors the GTA's claim in so far as they are claiming an indemnity right if the GTA pursues it for the sums claimed against MFGUK. The other Deutsche Bank claim is also an indemnity claim for up to €126 million, but relates to a contingent liability that Deutsche Bank believes it may have in respect of MFGUK's client trades in Germany in 2011.
- All three claims were formally rejected. Subsequently however, both parties have filed appeals against the rejection of the claims, and a directions hearing in the High Court has been set down for October 2018 in relation to all three appeals.
- Separately, because of the disputed Deutsche Bank's €126 million indemnity claim, in our capacities as JSAs and Supervisors of the CVA, we applied for directions from the Court in respect of whether or not to proceed with the implementation of the CVA, with the substantive hearing taking place between the 14 and 17 May 2018 and two representative parties being appointed to put forward the relevant arguments to the Court.
- Further information regarding the CVA can be found on the JSAs' website and on page 7.

Key achievements, events and milestones during the period

Interim House Estate dividend

- No dividends have been declared in the period. Catch-up distributions totalling £0.7 million were paid in the period following agreement of the quantum of the final batch of introducing broker claims.
- The cumulative amount distributed to creditors with agreed claims remains **90p in the pound**, with the last dividend being the sixth interim dividend declared and paid on 24 August 2016.

Future dividends and illustrative financial outcome statement

- The JSAs prepared a revised illustrative financial outcome as at 30 September 2017 as part of the CVA Proposal.
- Future dividends payable to creditors are dependent upon whether the CVA is implemented and the elections made by individual creditors under the CVA voting process. If the CVA is not implemented, the JSAs may review their illustrative financial outcome accordingly.
- Further communications regarding future dividends will be issued via the JSAs' website.

Creditor claims

- A settlement was reached in November 2017 with a creditor who had previously submitted a claim for £3.5 million. This has led to a small reduction in the provision held for claims being investigated by the JSAs.

Assets

- The JSAs continue to work on the realisation of further assets. The largest outstanding receivable relates to certain German tax reclaims. The JSAs continue to co-operate with the GTA's enquiries with the aim of recovering these funds. Further details can be found in the CVA Proposal.

Company Voluntary Arrangement

On 23 November 2017 the JSAs gave notice of their proposal for a CVA under Part I of the Insolvency Act 1986.

The CVA Proposal was approved at a meeting of creditors on 12 December 2017.

The JSAs have progressed matters in respect of the CVA Proposal dated 23 November 2017, and reported in our prior report. A summary of the key developments is set out below.

- A meeting of creditors was held at The Connaught Rooms in London at 12.00 on 12 December 2017. A majority of creditors (97%) voted to approve the CVA Proposal without modification. A court sealed copy of the Chair's/conveners report of the creditors' and member's meetings as filed at court on 18 December 2017 is available to be downloaded from the JSAs' website.
- The challenge period passed on 15 January 2018 and no challenge was served on MFGUK by any creditor.
- On 8 December 2017, a new claim was received from the German Tax Authority. Additionally, on 12 January 2018, two new and unanticipated claims were received by the CVA Supervisors from Deutsche Bank.
- The GTA and Deutsche Bank claims were rejected by the JSAs on 8 February 2018. Appeals were lodged at Court in respect of the rejected claims by both creditors within the 21 day appeal period.
- The Court has set a directions hearing in relation to the three appeals for October 2018.
- In light of this, the JSAs and the CVA Supervisors consulted with the Participating Creditors, and with a number of the larger Exiting Creditors, with respect to the implementation of the CVA. A number of issues were raised by both the Participating Creditors and the Exiting Creditors, such that the Joint Special Administrators and the Joint Supervisors concluded that it was appropriate to seek directions from Court, in respect of whether or not to proceed with the implementation of the CVA. An application was filed by the JSAs on 22 March 2018.

The substantive hearing in respect of the CVA Directions Application took place from 14 May 2018 to 17 May 2018 before Mr. Justice Hildyard. Submissions were made on behalf of the following:

- the Joint Special Administrators and Joint Supervisors as the applicants;
- Attestor Value Master Fund LP, acting by its investment manager, Attestor Capital LLP (collectively, "Attestor"), as representative respondent for those creditors (primarily the Participating Creditors) who would like the CVA not to be implemented and/or to be terminated; and
- the Financial Services Compensation Scheme Limited ("FSCS"), as representative respondent for those creditors (primarily the Exiting Creditors) who would like the CVA to be implemented and not terminated.

Company Voluntary Arrangement (cont.)

On 23 November 2017 the JSAs gave notice of their proposal for a CVA under Part I of the Insolvency Act 1986.

The CVA Proposal was approved at a meeting of creditors on 12 December 2017.

The judgment was handed down on 25 May 2018 and will be available once it has been finalised and approved by the Court. In summary, Mr. Justice Hildyard favoured the position adopted by the FSCS and has directed that:

- the Special Administrators should confirm that the CVA is not precluded from becoming effective in accordance with the condition precedent at clause 3.1(e) of Section 2 of the CVA in light of the Disputed Claims (as defined in the sealed CVA Directions Application notice);
- the Joint Supervisors should not waive the condition precedent at clause 3.1(e) of Section 2 of the CVA; and
- the Joint Supervisors should not determine that the Disputed Claims are a material impediment to the implementation of the CVA and terminate the CVA pursuant to clause 27.1(c) of Section 2 of the CVA.

Mr. Justice Hildyard also granted Attestor permission to appeal the judgment on all grounds and the draft order provides for the following timetable in respect of filing of such appeal:

- Attestor shall file its appellant's notice by 4pm on 29 May 2018; and
- the FSCS shall file any respondent's notice by 4pm on 31 May 2018.

In accordance with the above timetable, Attestor filed its notice of appeal on 29 May 2018 at the Court of Appeal.

Given that Attestor have appealed the first instance judgment, the Special Administrators have agreed not to provide the confirmation required under clause 3.1(e) of Section 2 of the CVA until after 1 June 2018.

Further details and documents in relation to the events set out above can be found on the JSAs' website. Further information with respect to the implementation of the CVA shall be made available on the JSAs' website at the earliest opportunity.

Future distributions and illustrative financial outcome statement

No further dividends have been declared since August 2016 (when the JSAs declared and paid a sixth interim unsecured creditor dividend of 2.2p in the pound) bringing the cumulative dividends to unsecured creditors to 90.0p in the pound.

Illustrative financial outcome statement

- No further dividends have been declared since August 2016 (when the JSAs declared and paid a sixth interim unsecured creditor dividend of 2.2p in the pound) bringing the cumulative dividends to unsecured creditors to 90.0p in the pound.
- The JSAs prepared a revised illustrative financial outcome as at 30 September 2017 as part of the CVA Proposal. The range of possible outcomes based on whether the CVA is implemented and if so, what election individual creditors made can be found in the CVA Proposal.
- In light of the significant effect of the Deutsche Bank and GTA claims and issues raised by Representatives of the Participating Creditors and Representatives of the Exiting Creditors (the subject of the JSAs' application to Court for directions on implementation of the CVA) the range of outcomes for creditors is uncertain and a revised illustrative financial outcome may be required, once the outcome of the Attestor appeal is known.
- Until the outcome of the appeal is known the JSAs are unable to confirm the timing or quantum of any future distributions under either the CVA or Special Administration.

Asset summary

As at 30 April 2018 the JSAs had unrealised non-segregated assets with a gross book value of approximately £61 million.

Non-segregated monies outstanding as at 30 April 2018		
(£'000 equiv.)	Received in the period	Outstanding ^(a)
Banks/Exchanges/Clearing Houses	-	16,561
Affiliates	-	106
Foreign Exchange Antitrust claim	-	TBC
German tax reclaims ^(b)	-	44,425
Other receipts/realisations	9	231
Total	9	61,323

Note: (a) For illustrative purposes only, in line with the forecast high case estimated outcome under the CVA for Participating Creditors. Future recoveries may be materially different to those presented and not be distributed equally to all creditors under the terms of the CVA.

(b) Outstanding amounts relate to DTT reclaims and exclude €129 million in respect of EU Reclaims. See page 20 of the CVA Proposal for further detail.

Source: JSAs' records.

Banks/Exchanges/Clearing Houses

- The JSAs continue to negotiate with Citibank which continues to retain £16.6 million in relation to possible claims they believe they may be exposed to in the future. The JSAs are currently seeking the immediate return of £1.47m as the potential claims which Citibank previously asserted put these monies at risk are now time barred.

Affiliates

- **MFG Australia** – A second interim unsecured creditor distribution was declared in May 2017, bringing the cumulative total to 100c in the \$. MFG Australia's annual report dated 11 May 2017 states that some statutory interest may be paid in relation to unsecured creditor claims, however the timing and quantum is uncertain.
- **MFG Holdings Hong Kong** - The timing of any further distributions is uncertain, but based on the latest information received from the MFGHK liquidators, such is likely to be between 0% and 1% only. A 1% distribution is equivalent to approximately £6,000 at current fx rates.

Asset summary (cont.)

The largest outstanding receivable relates to certain German tax reclaims. The JSAs continue to co-operate with the GTA's enquiries with the aim of recovering these funds.

Foreign Exchange Anti Trust claim

- During the period and post the CVA creditors' and members' meetings, the JSAs were advised they may be entitled to submit a claim in a foreign exchange antitrust settlement in the US ("US FX Anti-Trust Settlement"). The US FX Anti-Trust Settlement, which involves 15 settling parties, is in relation to an alleged conspiracy to fix the foreign exchange market between January 2003 and December 2015. The JSAs have reviewed the records of the Company and have subsequently submitted a claim to protect the Company's position. The JSAs continue to consider the impact agreeing to the settlement under the US FX Anti-Trust Settlement may have on any other potential claims the Company may have against these settling parties. At present the JSAs do not know what the likely amount or timing of any settlement will be. The JSAs are aware of similar actions in other jurisdictions in which MFGUK may be able to participate. At present the timing and quantum of any possible realisations from these is unknown.

German tax reclaims

- The Company has submitted several claims against the German Tax Authorities (the so-called Pending DTT Reclaims and the EU Reclaims) requesting relief from German withholding tax ("WHT") in connection with German share trades conducted prior to the Administration Date (in 2009, 2010 and 2011).
- Detailed commentary on both the DTT Reclaims and EU Reclaims can be found on page 20 of the CVA Proposal, and the JSAs continue to co-operate with the GTA's enquiries with the aim of recovering these funds.

Other receipts/realisations

- Various other small realisations have been made during the period, including \$11,500 from a US class action.

Creditor Claims - Summary

As at 30 April 2018, the total value of creditor claims and provisions for claims is £992 million.

Of the total creditor amount, £934 million (94%) of creditor claims have been fully agreed.

In excess of 750 claims yet to be agreed with a combined value of approximately £3 million have been identified as being barred if the CVA is implemented.

It is also anticipated that if the CVA is implemented, the majority of the approximately 250 remaining Stay-in creditors (most of which are disputed or yet to be agreed) will be barred and fall away.

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 2018 is provided below.

Status of creditor claims as at 30 April 2018			
	Number	Value (£'000)	Change in period (£'000) ^(d)
Creditors			
Fully agreed proposals	1,931	615,085	2,830
Final proposals sent but not agreed	239	8,966	(6,214)
Parallel Claims – Issued	3,650	41,523	-
Total trading proposals issued^(a)	5,504	665,574	(3,385)
Reserve for CMP clients who lost their CMP entitlement ^(b)	696	1,002	(2)
Reserve for Dormant Accounts ^(b)	1	1,323	-
Total trading statements	6,203	667,899	(3,386)
Other			
MFG Inc – Agreed ^(c)	1	459,665	(89,723)
Other affiliates – Proposals Agreed	15	133,688	89,710
Other affiliates – Proposals not yet issued	3	384	-
Suppliers – Proposals Agreed	245	14,715	52
Suppliers – Proposals not yet issued	22	836	(13)
German introducing broker claimants – Agreed	334	19,156	-
German introducing broker legal fees – Proposal not yet issued	1	206	-
Provision for Potential GTA Claw Back Claim	1	45,304	1,304
Provision for Deutsche Bank claims ^(e)	2	TBD	TBD
Sub-total	6,825	1,341,841	(2,057)
Amounts settled via set off	(5)	(349,662)	
Total	6,820	992,179	

- 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) These claims will be time barred and fall away if the CVA is implemented
 - (c) The MFG Inc Settlement includes an element of Client Assets and the agreement of an unsecured claim.

- (d) A claim being investigated by the JSA's with a value of £3.5 million was settled in November 2017.
- (e) These two claims have been rejected, but are subject to appeals, we will provide an update on any provision required in due course.

Source: Special Administrators' records.

Creditor claims - Affiliate and supplier claims

The JSAs continue to progress the adjudication of creditor claims where in a position to do so.

Proposals not agreed or not yet issued

- Included in this category are creditors with claims totalling:
 - £4.5 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;
 - A settlement was reached in November 2017 with a creditor who had previously submitted a claim for £3.5 million. This has led to a reduction in the provision held for claims being investigated by the JSAs; and
- The remaining balance of £1.1 million includes a number of creditors who have never returned their settlement proposal.

Reserves

- The JSAs continue to reserve for potential claims of former customers who have never submitted a claim form. £1.0 million is reserved in respect of Dormant Accounts, and £1.3 million is reserved in respect of a CMP Client who lost their CMP entitlement.

Affiliates

- MFG Services submitted information to finalise a small portion of its claim in respect of which the JSAs continue to reserve £0.1 million prior to the Final Claims Deadline.
- The JSAs continue to adjudicate the final portion of the MFG Services claim and a further two claims received from affiliates.

German Tax

- Prior to the Final Claims Deadline (as defined in the CVA proposal), the JSAs received three claims in respect of German Tax:
 - A claim submitted by the GTA for a total amount of EUR 52,421,290 in respect of WHT;
 - A claim submitted by Deutsche Bank for a total amount of EUR 126,724,993 (the DB Indemnity Claim); and
 - A claim submitted by Deutsche Bank for a total amount of EUR 48,178,219 (the DB Mirror Claim).
- The JSAs rejected all three claims on 8 February 2018. The rejected GTA claim was appealed on 28 February 2018 and the two Deutsche Bank claims were appealed on 1 March 2018. A directions hearing has been set for October 2018 by the Court in relation to these appeals.
- The GTA claim is provided for in full by the JSAs. The DB Mirror Claim is reflective of the GTA claim and therefore no further provision is deemed necessary.

Creditor Claims - German Introducing Broker and FSCS claims

All the underlying German Introducing Broker claims have now been adjudicated in full.

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.

German Introducing Broker Claimants

- All the underlying German Introducing Broker claims, which relate to claims which may have arisen from creditors' investments with certain introducing brokers in Germany, have now been adjudicated in full.
- In the period catch-up distributions have been paid on all of the final aggregator's claims.
- The JSAs continue to adjudicate a connected claim in respect of professional fees totalling €0.2 million received from the lawyer who, prior to our appointment, previously acted for MFGUK in the German Courts on these matters. MFGUK is seeking legal advice on the extent to which these fees are payable.

Claims assigned to the Financial Services Compensation Scheme

- The JSAs continue to work with the FSCS to reconcile records of all claims assigned to the FSCS. The reconciliation is being brought up to date pursuant to the approval of the CVA and payment to Exiting Creditors.
- In excess of 2,450 customers have assigned claims to the FSCS to date. 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 £36.6 million (combined client and creditor distributions) have been made to the FSCS with regard to claims assigned to them.

Operational matters and Unpaid CMP Distributions

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

IT

- The stability of IT systems remains a priority and continues to be maintained whilst steps continue to be taken in parallel to implement cost savings through the decommissioning of non-essential applications/services and consolidation of the IT estate. Some key systems are still likely to 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 the remaining MFGUK equipment within Interxion (the third party Data Center).
- The MF Global IT department has been reduced from 132 staff at appointment in 2011 to a single contractor now. This contractor has been retained to provide ongoing support for the systems, communications and infrastructure previously used by MFGUK and still required under the Special Administration.

Human Resources

- There are no employees. Only one specialist contractor remains. Ongoing requirements are periodically considered to ensure a cost effective wind down of the MFGUK estate as a whole.

Unpaid CMP distributions

- 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.

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 2018, the JSAs' time costs totalled £1.4 million.

JSAs' remuneration

- A receipts and payments account for the period from 31 October 2017 to 30 April 2018 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 2018 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 2018, we have incurred time costs of £1,391,130 representing 2,660 hours at an average hourly rate of £522. 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 2018 are £106,875,720 of which a total of £105,481,374 has been drawn on account as at 30 April 2018.

- 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 2018 total £64,572, which includes amounts incurred 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 October 2017 totalled £4,618,100 of which £4,540,959 has been drawn as at 30 October 2017.

Payments to KPMG affiliates

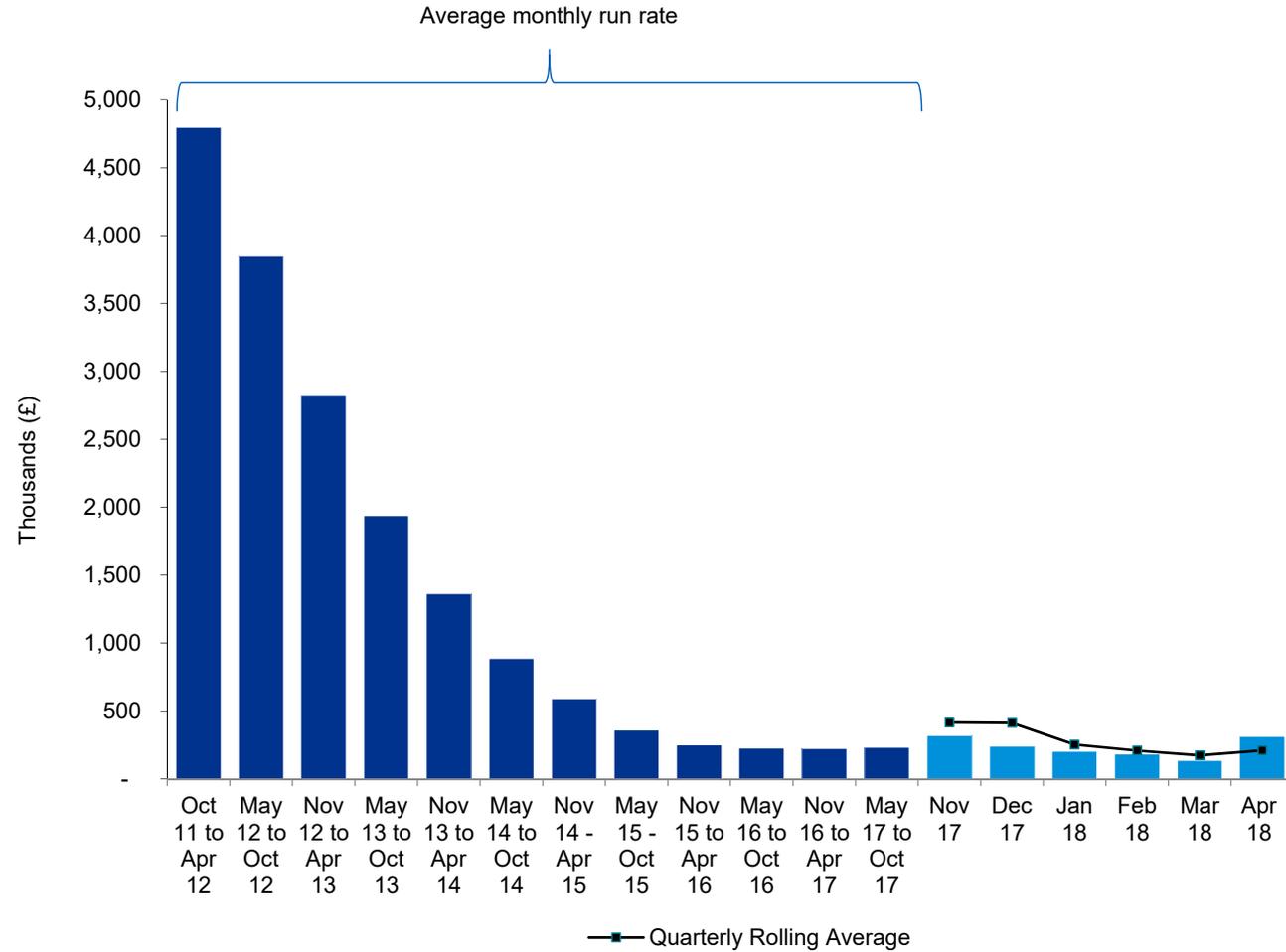
- Costs of £55,143 have been incurred during the period from KPMG affiliates for professional services. To date total costs of £510,213 have been incurred from KPMG affiliates of which £455,070 has been drawn as at 30 April 2018.
- No costs have been incurred during the 6 month period with regard to 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

JSAs' Costs (cont.)

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 2018, the JSAs' time costs totalled £1.4 million.



Source: JSAs' records.

Discussion of time cost trends

- Average monthly timecosts have remained in line with the last period averaging £0.23 million per month during the six month period to April 2018.



Appendices

1. Statutory information.
2. Special Administrators' Abstract of receipts and payments for the period 31 October 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018.
3. Special Administrators' Abstract of costs incurred and not paid as at 30 April 2018.
4. Analysis of time costs for the period 31 October 2017 to 30 April 2018.
5. Summary of charge out rates.
6. Summary of disbursements for the period 31 October 2017 to 30 April 2018.

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, Michael Pink and Edward Boyle
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 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts - Receipts								
	Sterling (GBP '000)		US Dollar (USD '000)		Euro (EUR '000)		Various other currencies ^(a) (GBP Equiv. '000)	
	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018
Receipts								
Sale of Fixed Inc. (bonds, T-Bills, etc.)	-	42,423	-	232,240	-	127,216	-	974
Sale of Equities – Stocks, Investments and Other Assets	-	70,677	-	29,338	-	29,858	-	8,171
Termination of Other Market Contracts	-	8,803	-	11,860	-	8,199	-	1,669
Termination of ISDA Contracts	-	4,319	-	132,849	-	2,458	-	-
Collateral/Cash from Banks	-	225,457	-	115,855	-	40,960	-	19,041
Collateral/Cash from Exch/CI Hse/Brokers	-	33,897	-	228,764	-	171,282	-	4,235
Other Receipts	3	38,611	13	62,038	-	8,016	-	3,676
VAT control	436	24,069	-	-	-	-	-	-
Cost allocations between Estates	-	54,935	-	14	-	-	-	-
Gross interest	249	10,336	3	16	-	77	-	146
Output VAT (payable)	-	1,576	-	-	-	-	-	-
Total Receipts	688	515,104	16	813,126	-	388,068	-	37,912

Note: (a) Various other currencies consist of 15 foreign exchange bank accounts, the majority of which are now closed.

Source: JSAs' records.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018 (cont.)

MF Global UK Limited (in Special Administration): Non-segregated assets receipts and payments accounts - Payments								
	Sterling (GBP '000)		US Dollar (USD '000)		Euro (EUR '000)		Various other currencies (GBP Equiv. '000)	
	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018	Period total 31 October 2017 - 30 April 2018	Cumulative total to 30 April 2018
Payments								
Dividends to non-segregated creditors ^(a)	(748)	(784,248)	-	(11,181)	-	-	-	-
Special Administrators' Fees and Disbursements	(3,720)	(110,018)	-	-	-	-	-	-
Other Payments (see page 21)	(2,483)	(26,655)	(87)	(11,433)	-	(921)	-	(9)
Legal and Professional Fees	(1,707)	(37,433)	-	140	-	(446)	-	(1)
Transfer to CMP	-	-	-	(192,508)	-	-	-	-
Set off with Estate	-	(63,991)	-	-	-	-	-	-
PAYE and NIC	-	(21,359)	-	-	-	-	-	-
Input VAT (receivable)	(1,007)	(26,205)	-	(2)	-	-	-	-
Dividends to preferential creditors	-	(5)	-	-	-	-	-	-
Irrecoverable VAT	(155)	(8,492)	-	-	-	-	-	-
Wages and Salaries	-	(26,607)	-	-	-	-	-	-
Settlement with Pension Trustees	-	(28,275)	-	-	-	-	-	-
Total Payments	(9,819)	(1,133,289)	(2)	(214,985)	-	(1,367)	-	(10)
Net position	(9,131)	(618,185)	(72)	598,142	-	386,701	-	39,943
Inter account currency transfers	-	731,899	-	(597,515)	-	(386,701)	-	(37,917)
Total cash movement for period	(9,131)	113,715	(72)	627	-	-	-	-

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

(b) Amounts are translated using the following rate GBP:USD 1.3767.

Source: JSAs' records.

Non-segregated cash balances: Breakdown by foreign currencies		
30 April 2018	GBP equiv. '000	Local currency '000
GBP	113,715	113,715
USD ^(b)	455	627
Total cash in hand	114,170	



Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018 (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 JSAs operated bank accounts in 18 different foreign exchanges to allow for the recovery of assets held in foreign currency, although following recovery the majority of the foreign exchange bank accounts are now closed. The sterling equivalent totals in the receipts and payments accounts are prepared using the 30 April 2018 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.

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	
(GBP equiv. '000)	Current period
Sundry refunds	9
Client charges	5
Dividend income	0
Total	14

Source: JSAs' Records.

5. Payments – Other

Non-segregated 'Other' payments comprise	
(GBP equiv. '000)	Current period
Settlement agreement	(2,000)
IT suppliers	(427)
Subcontractors	(83)
Storage costs	(19)
Meeting expenses	(8)
Bank charges	(3)
Miscellaneous other payments	(6)
Total	(2,546)

Source: JSAs' Records.

Appendix 2

Special Administrators' abstract of receipts and payments for the period 31 October 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018 (cont.)

Notes: (cont.)

6. Special Administrators' Fees and Disbursements

Summary of total payments to Special Administrators and their affiliates		
£	31 October 2017 – 30 April 2018	Total to 30 April 2018
Special Administrators' fees (post appointment)	3,583,949	105,274,483
Special Administrators' fees (pre-appointment)	-	206,891
Disbursements		
MFG Services Administrators' fees	-	2,395,959
Fees paid to KPMG affiliates for professional services	131,356	455,070
Fees paid to KPMG affiliates for seconded staff	-	243,250
Disbursements – Travel, accommodation and subsistence	764	685,636
Other Disbursements (predominantly software maintenance)	8,147	761,044
Total disbursements	140,267	4,540,959
Total fees and disbursements	3,724,216	110,022,333

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 2017 to 30 April 2018 and 31 October 2011 to 30 April 2018 (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 2018
Post-appointment VAT	(155)	(8,481)
Pre-appointment VAT	-	5,600
Total	(155)	(2,881)

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.

11. Cash at Bank

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 2018

Schedule of other costs incurred but not fully paid as at 30 April 2018			
(£)	Incurred and unpaid	Amounts paid post 30 October 2017	Outstanding
Special Administrators' fees and disbursements:			
— Fees	2,154,297	(759,951)	1,394,346
— Disbursements	117,327	(40,186)	77,141
Legal fees and other costs:			
— Weil	2,025,602	-	2,025,602
— Counsel	28,885	-	28,885
— Other costs	119,441	(52,044)	67,397
Total	4,445,551	(852,180)	3,593,371

- The table above show costs accrued in the six months to 30 April 2018 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 2017 to 30 April 2018

MF Global UK Limited (In special administration) – SIP 9 for the period 31 October 2017 to 30 April 2018							
	Partner/Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Cashiering							
General (Cashiering)	-	46.20	31.90	-	78.10	34,782.00	£445.35
Reconciliations (& IPS accounting reviews)	-	0.90	17.90	-	18.80	6,953.50	£369.87
General							
Books and records	-	1.60	14.00	-	15.60	5,583.00	£357.88
Fees and WIP	10.90	1.00	86.60	0.50	99.00	35,255.50	£356.12
Tax							
Post appointment corporation tax	4.00	-	-	-	4.00	2,970.00	£742.50
Post appointment overseas tax	8.10	10.10	12.50	-	30.70	17,031.50	£554.77
Post appointment VAT	-	12.40	6.70	-	19.10	8,769.50	£459.14
Committees							
Meetings	3.60	4.00	0.20	-	7.80	5,509.00	£706.28
Creditors and claims							
Agreement of unsecured claims	114.10	30.50	129.25	-	273.85	151,635.00	£553.72
Assignment of claims – non FSCS	-	-	6.00	-	6.00	2,190.00	£365.00
General Correspondence	31.50	11.50	192.65	-	235.65	87,881.00	£372.93
Pre-appointment VAT/PAYE/CT	1.80	-	-	-	1.80	1,458.00	£810.00
Statutory reports	2.30	22.90	48.10	-	73.30	33,810.50	£461.26
CVA transaction advice	11.20	8.60	-	-	19.80	12,638.00	£638.28
Trading							
Communications – Other	-	-	22.50	-	22.50	8,147.50	£362.11
Engagement Management	41.10	46.40	96.95	-	184.45	97,191.50	£526.93
IT, Systems, Cut Off & Informaiton	3.00	255.50	-	-	258.50	163,395.00	£632.09
Exit Planning	184.70	235.30	225.50	4.75	650.25	367,858.00	£565.72
Purchases and trading costs	5.30	-	67.45	-	72.75	26,075.00	£358.42

Appendix 4

Analysis of SIP 9 for the period 31 October 2017 to 30 April 2018 (cont.)

MF Global UK Limited (In special administration) – SIP 9 for the period 31 October 2017 to 30 April 2018							
	Partner/Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Statutory and compliance							
Directions Hearing	109.60	142.70	126.50	-	375.40	214,907.50	£572.48
Strategy documents	8.20	9.50	-	-	14.20	12,627.00	£713.39
Pre-appointment overseas tax	21.10	-	-	-	21.10	17,091.00	£810.00
Investigations							
Claims against 3rd party advisors	2.75	-	-	-	2.75	1,952.50	£710.00
Asset realisation							
Cash and investments	3.70	1.30	2.10	-	7.10	4,582.50	£645.42
Pre-appointment tax & VAT refunds	9.60	-	-	-	9.60	7,776.00	£810.00
Payment of dividends	2.00	-	102.10	-	104.10	28,156.50	£270.48
Review of pre-appt transactions	-	4.00	-	-	4.00	2,520.00	£630.00
Stock and WIP	-	-	1.00	-	1.00	220.00	£220.00
General estate – realisation of assets	13.80	-	-	-	13.80	9,798.00	£710.00
Debtors	1.20	-	-	-	1.20	972.00	£810.00
Leasehold property	-	-	0.30	-	0.30	109.50	£365.00
Other assets	-	10.00	2.40	-	12.40	7,176.00	£578.71
Checklist & reviews	-	-	0.10	-	0.10	22.00	£220.00
Court hearing and preparation	17.60	-	-	-	17.60	14,086.00	£800.34
Total in period	611.15	851.00	1,192.70	5.25	2,660.40	1,391,130.00	£522.96

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 31 Dec 2016	1 Jan 2017 to present
Restructuring, Corporate Finance, Tax and any other relevant in-house advice							
Partner/Associate Partner	945	750	725	745	745	770	810
Director	895	700	635	660	660	680	710
Senior Manager	855	540	525	545	575	600	630
Manager	695	430	420	435	460	485	510
Senior Administrator/Assistant Manager/Consultant	505	350	310	325	345	350	365
Administrator (Grade 2 and higher)	390	280	250	260	275	285	300
Administrator (Grade 1)	390	195	175	185	200	210	220
Support staff	135	110	100	100	110	115	120
Intern	45	50	50	50	55	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 2017 to 30 April 2018

Summary of disbursements incurred from 31 October 2017 to 30 April 2018	
	£
Category 1	
Accommodation and subsistence	163
Travel	190
Other (predominantly ICT costs)	3,189
Printing and Consumables	419
	3,962
Category 2	
Software Maintenance	5,468
Professional services provided by other KPMG firms	55,143
	60,610.67
Total disbursements	64,572.23

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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