



Supervisors'
Final Progress
Report 12
December
2017 to 12
June 2018

MF Global UK Limited in
Special Administration

6 July 2018

Glossary

Company or MFGUK	MF Global UK Limited in special administration with company registration number 01600658
Court	High Court of Justice Business and Property Courts of England and Wales. Insolvency and Companies Lists (Ch D)
CVA	Company Voluntary Arrangement
CVA Proposal	The Special Administrators' proposal for a Company Voluntary Arrangement under Part I of the Insolvency Act 1986 dated 23 rd November 2017
CVA Supervisors/Nominees	Richard Heis Michael Robert Pink and George Edward Boyle
Exiting Creditor	An Allowed Creditor (other than an Excess Creditor) that either elects to be an Exiting Creditor in accordance with the terms of the Proposal, or does not make any election to be a Participating Creditor or a Stay-in Creditor by the Final Claims Date.
Exiting Creditor representative	Financial Services Compensation Scheme Limited
Special Administrators/JSAs	Richard Heis, Michael Robert Pink and George Edward Boyle
Participating Creditor	the Underwriting Creditor or each Allowed Creditor that both elects to be a Participating Creditor in accordance with the terms of the Proposal and has provided the supporting evidence required
Participating Creditor representative	Attestor Value Master Fund LP, acting by its investment manager Attestor Capital LLP

All other capitalised terms have the same definitions as those stated in the CVA Proposal.

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In the matter of MF Global UK Limited in
Special Administration under a Company
Voluntary Arrangement (the 'Company')

and in the matter of the Insolvency Act 1986

This report is prepared by the CVA Supervisors pursuant to a CVA Proposal dated 23 November 2017, which was approved by creditors and members on 12 December 2017, and terminated prior to implementation as directed by the Court of Appeal on 12 June 2018.

We attach as Appendix 1 a copy of the CVA Supervisors' final summary of receipts and payments in the above CVA for the period 12 December 2017 to 12 June 2018 (the 'Period') and note no receipts or payments have been made from the CVA estate. Accordingly, we report as follows:

1 Receipts

No receipts have been received by the CVA Supervisors during the Period as:

- The CVA was terminated prior to implementation. Thus, under the terms of the CVA, no funding requests were made of the Participating Creditors; and
- The CVA Proposal set out that the control and collection of the remaining assets of the Company would remain the responsibility of the JSAs.

2 Payments

No payments have been made by the CVA Supervisors during the Period of this report. Under the terms of the CVA all costs (including the Nominees' remuneration and the CVA Supervisors' remuneration) incurred regarding the running of the CVA are payable by the Company as an expense of the Special Administration.

3 Progress of the Arrangement and reasons for its termination

On 23 November 2017, the JSAs proposed a CVA with a view to simplifying, and reducing the ongoing costs of, MFGUK's special administration by giving creditors the option of taking an accelerated final dividend of 9.75p / £ (to be added to dividends already declared and paid which, in aggregate, amount to 90p in the £) or to remain as creditors of MFGUK whilst its final assets are gathered in and its remaining liabilities established.

The JSAs called a meeting of creditors at 12:00 on Tuesday 12 December 2017, at which in excess of 96% of voting creditors voted to approve the proposal without modification. Following the meeting of creditors, the JSAs held a members meeting, at which the one member of the Company also approved the proposal without modification.

The CVA imposed a final bar date for claims in the Special Administration of the Company of 15 January 2018. Shortly before the final bar date, a claim was submitted by the German Tax Authority, and two new and potentially material claims were received by the CVA Supervisors from Deutsche Bank. The JSAs/CVA Supervisors, along with their legal advisors, reviewed the claimants' proofs in order to ascertain the legal merits of the underlying claims.

The JSAs determined the first claim by Deutsche Bank to be, in effect, a 'mirror' claim to the German Tax Authority's claim. So this claim did not, in effect, swell the gross claims against the MFGUK estate. The JSAs determined that the second claim submitted by Deutsche Bank to be an 'indemnity' claim that could increase the gross claims against the MFGUK estate. Based on advice received from our advisors, all three claims were rejected.

During the 21 day appeal period with regard to those rejections, appeals were lodged at Court by the claimants. In light of these appeals and the possible effect the claims could have on the creditor outcomes from the CVA, the JSAs and the CVA Supervisors consulted with the Participating Creditors and certain representatives of the Exiting Creditors with respect to whether the CVA should be implemented.

A number of issues were raised by representatives of both the Participating Creditors and the Exiting Creditors such that the JSAs and the CVA 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 (the "CVA Directions Application").

Ahead of the procedural hearing in respect of the CVA Directions Application, specific representatives from each of the Participating and Exiting Creditors respectively agreed to act as respondents to put forward arguments relating to the CVA Directions Application on behalf of the creditors in their classes.

The substantive hearing in respect of the CVA Directions Application took place between the 14 May 2018 and 17 May 2018. Submissions were made on behalf of the aforementioned creditors and the JSAs and CVA Supervisors (who remained neutral) as the applicants. The Judge favoured the position adopted by the representatives for the Exiting Creditors and directed the CVA be implemented.

The Participating Creditor representative was granted permission to appeal the judgment. The Participating Creditor representative subsequently appealed the judgment and a hearing at the Court of Appeal was set down for 6 June 2018.

The Court of Appeal, after hearing submissions by representative creditors for and against implementation (the JSAs and the CVA Supervisors again, remaining neutral) handed down its judgment on 11 June 2018. The Court of Appeal considered that the fairest outcome, in light of the emergence of the substantial new claims, would be for the CVA to be precluded from becoming effective.

In light of these directions the JSAs issued a notice on 11 June 2018, confirming the non-satisfaction of the conditions precedent to the CVA. Consequently the CVA automatically terminated on 12 June 2018 (being the long-stop date set out in the CVA).

Please note that, for the avoidance of doubt, the special administration has continued throughout the CVA process and, following the termination the CVA, all creditors who had claims in the CVA will continue to hold claims in the special administration of the Company.

Furthermore, the timing or quantum of any future distributions (beyond the 90 p/£ currently declared) from the Special Administration is unclear, pending the resolution of complex issues in the administration. The JSAs will notify creditors of further developments on their website (www.kpmg.co.uk/mfglobal).

4 Office Holders' Remuneration

4.1 Nominees' fees

The JSAs acted as the CVA Nominees. Under the terms of the CVA their fees were payable from the Special Administration estate of the Company. These costs totalling £343,293.50 have been approved by the Creditors' Committee of the Company in line with the process agreed for fees of the JSAs. These fees have now been paid in full.

4.2 CVA Supervisors' fees

In accordance with the terms of the proposal the CVA Supervisors' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the CVA.

Attached at Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out in the period (as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No.9).

The analysis at Appendix 2 shows that to 22 June 2018 the CVA Supervisors incurred time costs of £128,066, representing 200.1 hours at an average rate of £640.01 per hour. No Expenses have been incurred during the period as these were payable by the JSAs from the Special Administration estate.

CVA Supervisors' fees totalling £117,830.50 covering the period from 12 December 2017 to 20 April 2018, have been approved by the Creditors' Committee of the Company and paid as an expense of the Special Administration. A further fee request will be raised with regard to the costs incurred for the period from 21 April 2018 until the CVA Supervisors are discharged from office.

The proposal estimated that the total fees to be paid to the CVA Supervisors would be £900,000 plus outlays and VAT thereon. Due to the early termination of the CVA the costs incurred were lower than those estimated.

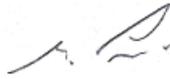
Please note that all staff who have worked on this assignment have charged time directly to the assignment and are included in the analysis of time spent. However, the cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

A creditors' guide to fees can be found at:

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Voluntary_Arrangement_Fees_Nov2011.pdf

However, if you are unable to access this guide and would like a copy then please contact Tom Chuter on 0207 785 0308.

Signed



Dated 6 July 2018

Michael Robert Pink

Joint Supervisor

Appendix 1 Receipts and payments account for the period 12
December 2017 to 22 June 2018

Receipts	£
	Nil
Total receipts	Nil
Payments	Nil
	Nil
Total costs	Nil
Cash at Bank	Nil

As discussed in this report no receipts or payment have been made by the CVA Supervisors during the period. Furthermore, no bank accounts were opened by the CVA Supervisors.

Appendix 2

Time cost analysis for the period from 12 December 2017 to 22 June 2018

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
General							
Fees and WIP	0.60	-	-	-	0.60	£486.00	£810.00
Appointment and related formalities	4.60	3.30	23.70	-	31.60	£13,977.00	£442.31
Bonding & Cover Schedule	-	-	0.10	-	0.10	£22.00	£220.00
Checklist & reviews	0.50	-	0.20	-	0.70	£478.00	£682.86
Strategy documents	28.60	53.60	-	-	82.20	£56,464.00	£686.91
Creditors and claims							
Agreement of claims	14.50	-	-	-	14.50	£10,325.00	£712.07
Creditors Meeting	12.30	5.00	3.90	-	21.20	£14,286.50	£673.89
General correspondence	11.20	1.60	-	-	12.80	£10,080.00	£787.50
Pre-appointment overseas tax	3.00	-	-	-	3.00	£2,430.00	£810.00
Statutory reports	6.50	17.60	9.30	-	33.40	£19,517.50	£584.36
Total in period	81.80	81.10	37.20	-	200.10	£128,066.00	£640.01

Further time will be incurred outside of the time costs shown above with regard to the preparation of this report and the completion of regulatory responsibilities required to close the CVA and release the CVA Supervisors from office. These costs will be recovered following the usual fee approval process for costs incurred in the special administration of the Company.

Appendix 3 Expenses for the period from 12 December 2017 to 22 June 2018

As discussed in this report no expenses have been incurred by the CVA Supervisors during the period.

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