

HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of MF Global Inc.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

MF GLOBAL INC.,

Debtor.

Case No. 11-2790 (MG) SIPA

SIXTH INTERIM STATUS REPORT ON CLAIMS

BACKGROUND

1. James W. Giddens (the “Trustee”), as trustee for the liquidation of MF Global Inc. (“MFGI”), respectfully submits this interim status report on the claims process (the “Report”), in accordance with his duties under § 78fff-1(c) of the Securities Investor Protection Act (“SIPA”), 15 U.S.C. §§ 78aaa et seq.,¹ and in accordance with the terms of the Order of the Court entered on November 23, 2011 (ECF No. 423).

2. As the Court is aware, on October 31, 2011 (the “Filing Date”), the Honorable Paul A. Engelmayer, United States District Court Judge for the Southern District of New York, entered an Order (the “MFGI Liquidation Order”) commencing liquidation of MFGI pursuant to the provisions of SIPA in the case captioned Securities Investor Protection Corp. v. MF Global Inc., Case No. 11-CIV-7750 (PAE).

3. The MFGI Liquidation Order, inter alia: (i) appointed James W. Giddens as Trustee for the liquidation of the business of MFGI pursuant to SIPA § 78eee(b)(3); (ii) appointed Hughes Hubbard & Reed LLP counsel to the Trustee pursuant to SIPA § 78eee(b)(3); and (iii) removed the case to this Court as required for SIPA cases by SIPA § 78eee(b)(4) (the “SIPA Proceeding”).

4. On November 23, 2011, upon the Trustee’s motion, the Court entered its Order Granting the Trustee’s Expedited Application Establishing Parallel Customer Claims Processes and Related Relief (the “Claims Process Order,” ECF No. 423), which, inter alia: (i) approved the procedures for filing, determining, and adjudicating claims; and (ii) required that the Trustee file interim reports at least every six months and status updates regarding the claims process every sixty days.

1. Subsequent references to SIPA will omit “15 U.S.C.”

5. On January 12, 2012, the Trustee filed the Sixty Day Report on Status of Liquidation (ECF No. 835), which included a summary of the status of the SIPA Proceeding and the materials presented at the January 12, 2012 meeting of customers and creditors. On February 6, 2012, the Trustee filed the second status report with the Court, the Trustee's Preliminary Report on Status of his Investigation and Interim Status Report on Claims Process and Account Transfers (ECF No. 896). On March 2, 2012, the Trustee filed the first Periodic Claims Processing Report (ECF No. 977). On June 4, 2012, the Trustee filed the First Interim Report for the Period from October 31, 2011 through June 4, 2012 (ECF No. 1864), which provided a comprehensive update on the status of the liquidation, as well as the Report of the Trustee's Investigation and Recommendations (ECF No. 1865), which provided in detail the Trustee's findings regarding the failure of MFGI.

THE CLAIMS PROCESS

6. This Report, the sixth of the Trustee's reports to the Court, customers, and creditors, will focus on the status of the claims process in accordance with the terms of the Claims Process Order. Additional information concerning the claims received by the Trustee is attached hereto as Exhibit 1.

7. As reported previously, by January 2012, the Trustee had distributed over \$4 billion to former MFGI retail commodities customers with U.S. futures positions via three Court-approved bulk transfers (see ECF Nos. 14, 316, 717). In addition, the Trustee received Court approval to sell and transfer approximately 318 active retail securities accounts, comprising substantially all of the securities accounts at MFGI (see ECF No. 718). Nearly all former MFGI securities customers have received 60 percent or more of their account value, and

194 customers have received the entirety of their account balances because of a Securities Investor Protection Corporation (“SIPC”) guarantee.

8. While effecting the bulk transfers described above, with the goal of returning customer property as promptly and efficiently as possible, the Trustee sought Court approval of and implemented a claims process in accordance with SIPA, the commodity broker liquidation provisions of chapter 7 of the Bankruptcy Code (11 U.S.C. §§ 761–767, the “Commodity Broker Liquidation Provisions”), and 17 C.F.R. §§ 190.01–190.10 (the “Part 190 Regulations”). The claims process was put into motion within weeks of the Bankruptcy Court’s Claims Process Order which, inter alia, approved the forms and procedures for filing, determining, and adjudicating claims. On December 2, 2011, in accordance with SIPA § 78fff-2(a)(1) and 17 C.F.R. § 190.02(b)(4), 74,763 claims packages were distributed by mail to former MFGI customers and other potential claimants, and the claims forms were also posted on the Trustee’s website (www.mfglobaltrustee.com). The Trustee also published notice of the commencement of the claims process in The New York Times, Chicago Tribune, Financial Times, and The Wall Street Journal (see ECF No. 759).

9. The Trustee provided claimants with the option to file claims manually or electronically. Pursuant to SIPA § 78fff-2(a)(3), 17 C.F.R. § 190.02(d), and the Claims Process Order, commodities customer claims and securities customer claims seeking maximum protection under SIPA must have been received on or before January 31, 2012, and all claims must have been received by June 2, 2012.

10. The Trustee has now received over 27,000 timely filed commodities customer claims asserted in amounts of approximately \$10 billion in the aggregate. The Trustee has also received approximately 700 untimely commodities customer claims submissions, filed

after the January 31, 2012 bar date for filing commodities customer claims. The Trustee has received over 1,000 securities customer claims asserted in amounts of approximately \$1.4 billion in the aggregate. The Trustee has also received over 6,600 general unsecured claims asserted in amounts of approximately \$22.8 billion in the aggregate. The Trustee has reclassified approximately 550 asserted securities customer claims and approximately 100 asserted general creditor claims as commodities customer claims.

11. Once a claim is determined, a Letter of Determination (“LOD”) is sent to the claimant. The LOD explains the Trustee’s determination and any actions required by the claimant in response to the determination. The Trustee has now determined and issued LODs for all commodities customer claims, including both timely and untimely asserted claims. The Trustee’s professionals continue to determine securities customer claims and LODs are being issued on a rolling basis. Pursuant to the Claims Process Order, if the claimant does not object to a determination within thirty days, the determination becomes final. Most retail commodities customer claimants have agreed to the Trustee’s determinations, and over 96 percent have now become final. Less than two percent of commodities claimants (approximately 300) have so far filed objections, many of which seek clarifications as opposed to challenging the merits of the determination. Based on claim determinations that have become final, the Trustee believes that the total value of commodities customer claims will ultimately be around \$7 billion in the aggregate.

12. The Trustee is now making an additional interim distribution to former commodities customers who have finalized claims and have returned executed releases, as approved by the Bankruptcy Court’s April 26, 2012 Order (ECF No. 1450):

- 4d Property: The Trustee is distributing approximately \$600 million of customer property held as segregated by MFGI for its former

commodity futures customers who traded on US exchanges (“4d Property”). This distribution is in addition to the more than \$4 billion in 4d Property already distributed through the three Court-approved bulk transfers, as described above, and brings customer distributions of 4d Property to 80 percent.

- 30.7 Property: The Trustee is distributing approximately \$50 million of customer property held as secured by MFGI for its former commodity futures customers who traded on non-domestic exchanges (“30.7 Property”), primarily in the United Kingdom. This is the first distribution of 30.7 Property, and brings customer distributions of 30.7 Property to approximately five percent.
- Domestic Delivery Class: A distribution will also begin shortly for customer property related to a domestic delivery class, identified as consisting of physical customer property that has been or will be reduced to cash in any manner and which the Court approved as a separate class of commodities customer property (see ECF No. 1450).

13. The Trustee’s professionals work with claimants to attempt to reconcile and resolve claims matters, and pursue claims-related litigation only when necessary, in order to preserve estate resources for the benefit of all customers. All such claimants are entitled to due process and ultimately a trial before the Bankruptcy Court if the disputes cannot be resolved without judicial intervention. The Trustee must appropriately reserve funds for all possible outcomes of these disputes, and thus is limited in the amount of additional funds that can be distributed at this time. The primary objections to claim determinations, requiring large reserves, were filed by administrators or trustees for affiliated MF Global entities, including MF Global UK Ltd. and particularly MF Global Holdings Ltd. and its affiliated debtors, which have filed securities customer claims of over \$607 million and commodities customer claims of over \$147 million, in addition to general creditor claims of over \$1.6 billion.

14. There remains an approximately \$1.6 billion shortfall in segregated property available to return to former MFGI customers. The shortfall consists of the difference between the estimated amount of claims asserted (including claims reserved for) and assets

presently on hand in segregated accounts. The Trustee is working to eliminate the shortfall by determining the size of customer claims pools with the passing of the June 2, 2012 deadline for filing claims and by continued efforts at the recovery of funds through negotiation and litigation. To this end, the Trustee has filed a motion seeking Bankruptcy Court approval for an agreement reached with the CME Group that includes the return of over \$130 million in property held by the CME Group to the MFGI estate for the benefit of former commodities customers, as well as other unallocated funds (see ECF Nos. 2029, 2603, 2715). Additionally, though still pending approval by the Canadian Court, the Bankruptcy Court approved an agreement with MF Global Canada Co., providing for the return of approximately \$61 million to the MFGI estate and the withdrawal of the MF Global Canada Co. omnibus claim of approximately \$53 million against MFGI (see ECF Nos. 2242, 2395). The Trustee is also working cooperatively with counsel for commodities customer plaintiffs in prosecuting claims against former directors and officers of MF Global. Further, once the claim determinations are finalized, a significant portion of non-segregated unallocated assets marshaled by the Trustee may need to be allocated to commodities and securities customers under principles and in amounts that will be established by an allocation motion subject to Court approval.

15. Throughout this process, the Trustee has kept customers and other interested parties informed of his efforts. The Trustee's website (www.mfglobaltrustee.com) includes extensive updates, court filings, and claims information. The Trustee has also established specialized hotlines to address questions relating to claim determinations, the treatment of physical property, and tax issues. The Trustee's professionals make every effort to address customers' concerns through calls, emails, and by holding meetings with customer groups and counsel.

Dated: New York, New York
August 6, 2012

Respectfully submitted,

HUGHES HUBBARD & REED LLP

By: /s/ James B. Kobak, Jr.
A member of the firm

One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of
MF Global Inc.

EXHIBIT 1

Overview of the Claims Process

	Number of Commodities Customer Claims (as of August 1, 2012)	Percentage of All Timely Commodities Customer Claims
Total Timely Claims Asserted	27,492	100%
Determined and Final Claims ¹	26,512	96.4%
Determined and Not Final Claims ²	676	2.5%
Objections to Claim Determinations	304	1.1%
Undetermined Claims	0	0%
Total Claims Determined	27,492	100%

- The Trustee has received over 1,000 securities customer claims asserted in amounts of approximately \$1.4 billion.³
- The Trustee has received over 6,600 general unsecured claims asserted in amounts of approximately \$22.8 billion.⁴
- The bar date for filing securities and general creditor claims was June 2, 2012 and these claims are being evaluated by the Trustee's professionals.

1. Includes claim determinations for which the claimants have executed releases and/or for which the period to object has expired.

2. Includes claim determinations for which the period to object is still running.

3. Includes 550 claims asserted as securities customer claims that the Trustee has reclassified as commodities customer claims. Does not include one timely asserted securities customer claim in the amount of \$49.1 billion, for which the Bankruptcy Court has confirmed the Trustee's determination denying the claim (ECF No. 2044).

4. Includes 108 claims asserted as general creditor claims that the Trustee has reclassified as commodities customer claims.

The information and data included in this exhibit are derived from sources available to the Trustee and his professionals. This exhibit is based on the information available at this time. All statistics are still under evaluation and are subject to revision.