

SETTLEMENT AGREEMENT RESOLVING INTERPLEADER COMPLAINT

This Settlement Agreement Resolving Interpleader Complaint (the “Settlement Agreement”) is entered into this 21st day of February, 2012, by and between HSBC Bank USA, National Association (“HSBC” or the “Interpleader Plaintiff”), Jason Fane (“Mr. Fane”) and James W. Giddens, in his capacity as trustee (the “Trustee,” together with Mr. Fane, the “Interpleader Defendants” and, together with Mr. Fane and HSBC, the “Parties”) for the liquidation of the business of MF Global Inc. (“MFGI”), under the Securities Investor Protection Act (“SIPA”) of 1970, as amended, 15 U.S.C. § 78aaa et seq.

WHEREAS, prior to the commencement on October 31, 2011 (the “Filing Date”) of the above-captioned SIPA liquidation proceeding of MFGI, which is currently pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), Mr. Fane took delivery, through a customer trading account cleared by MFGI, of five COMEX gold futures contracts and three COMEX silver futures contracts relating to five gold bars and fifteen silver bars being held by HSBC, as further described in Exhibit A hereto (the “Property”);

WHEREAS, prior to the Filing Date, Mr. Fane requested that the Property be transferred from HSBC to Mr. Fane’s Brink’s account, Account No. 121634 (the “Brink’s Account”); accordingly, the contracts relating to the Property were cancelled for loadout by MFGI employees prior to the Filing Date and thus the Property did not enter the Trustee’s control on the Filing Date;

WHEREAS, HSBC is the depository for the Property pursuant to a certain Gold Delivery Point Agreement and a certain Silver Delivery Point Agreement entered into between HSBC and the New York Mercantile Exchange, Inc.;

WHEREAS, at all times prior to the Filing Date and through the present, HSBC has been in possession of, and has not had any ownership interest in, the Property;

WHEREAS, as a result of HSBC having received competing claims and instructions from the Interpleader Defendants regarding ownership and disposition of the Property, on December 8, 2011, HSBC commenced the above-captioned adversary proceeding (the "Interpleader"), requesting that the Bankruptcy Court adjudicate the rights of the Interpleader Defendants in the Property without need for further involvement by HSBC;

WHEREAS, the Interpleader Plaintiff and the Interpleader Defendants have engaged in good faith negotiations in an attempt to resolve the Interpleader without further cost and litigation;

WHEREAS, the Trustee has advised HSBC that: (i) upon review of the books and records of MFGI, the Trustee has determined that the Property is not customer property under the regulations of the Commodity Futures Trading Commission, 17 C.F.R. §§ 190.01 through 190.10 (the "Part 190 Regulations"); and (ii) MFGI has no interest in the Property;

WHEREAS, the Trustee has instructed HSBC to release the Property to Mr. Fane upon the Bankruptcy Court's approval of this Settlement Agreement pursuant to a Final Order (as defined herein) issued by this Court; and

WHEREAS, the Interpleader Plaintiff and the Interpleader Defendants have reached an agreement and desire to resolve the Interpleader upon the terms set forth herein;

NOW, THEREFORE, in consideration of the promises and respective agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties stipulate and agree as follows:

1. This Settlement Agreement is effective as of the date it has been approved by the Bankruptcy Court pursuant to a Final Order issued by the Court. For purposes of this

Settlement Agreement, "Final Order" shall mean an order of the Bankruptcy Court: (i) that is not subject to a stay of effectiveness; and (ii) as to which (a) the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no timely appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending or (b) if a timely appeal, writ of certiorari, reargument or rehearing thereof has been sought, shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for modification of such order, or move for reargument or rehearing shall have expired.

2. The Property is not, and shall not be deemed to be, customer property under the Part 190 Regulations, and neither MFGI nor any of MFGI's past, present or future predecessors, successors, assigns or transferees has or shall have any interest in the Property.

3. HSBC is hereby authorized and directed to deliver the Property to Mr. Fane's Brink's Account within ten (10) days of entry of a Final Order approving this Settlement Agreement. Mr. Fane shall arrange for the transportation of the Property from HSBC to the Brink's Account and shall be solely responsible for any and all costs incurred in connection with the delivery of the Property.

4. Except with respect to the obligations set forth in this Settlement Agreement, each of the Interpleader Defendants and their respective past, present, and future predecessors, successors, parents, subsidiaries, affiliates, related entities, assigns, transferees, agents, representatives, directors, officers, employees, shareholders, insurers, and attorneys hereby forever release, acquit, and discharge the Interpleader Plaintiff, as well as each of its past, present, and future predecessors, successors, parents, subsidiaries, affiliates, assigns, transferees, agents, representatives, directors, officers, employees, shareholders, insurers, and

attorneys from any and all claims (as defined in section 101(5) of the Bankruptcy Code) that each Interpleader Defendant respectively has against the Interpleader Plaintiff solely with respect to the Property and the Interpleader.

5. Except with respect to the obligations set forth in this Settlement Agreement, the Interpleader Plaintiff and its past, present, and future predecessors, successors, parents, subsidiaries, affiliates, related entities, assigns, transferees, agents, representatives, directors, officers, employees, shareholders, insurers, and attorneys hereby forever release, acquit, and discharge: (i) Mr. Fane and his past, present, and future predecessors, successors, assigns, heirs, transferees, agents, representatives, employees, insurers, and attorneys from any and all claims (as defined in section 101(5) of the Bankruptcy Code) solely with respect to the Property and the Interpleader; and (ii) the Trustee and the MFGI estate and their respective past, present, and future predecessors, successors, parents, subsidiaries, affiliates, related entities, assigns, transferees, agents, representatives, directors, officers, employees, shareholders, insurers, and attorneys from any and all claims (as defined in section 101(5) of the Bankruptcy Code) solely with respect to the Property and the Interpleader.

6. The Interpleader Plaintiff and the Interpleader Defendants, by and through their undersigned counsel, if applicable, each represent and warrant that the undersigned is fully authorized and empowered to enter into this Settlement Agreement on behalf of, and to bind, the Interpleader Plaintiff and the Interpleader Defendants, as applicable. This Settlement Agreement shall be binding upon the Interpleader Plaintiff and the Interpleader Defendants, and each of their respective predecessors, successors, affiliates, assigns and transferees, but is expressly subject to and contingent upon approval of the Settlement Agreement by the Bankruptcy Court by entry of a Final Order. If the Bankruptcy Court does not approve this Settlement Agreement, or any

order approving the Settlement Agreement does not become a Final Order, this Settlement Agreement shall be null and void.

7. Each Party warrants that it either has been represented and advised by counsel or has had the full opportunity to be represented and advised by counsel with respect to this Settlement Agreement and all matters covered by it. The Parties each declare that their respective decisions in executing this Settlement Agreement, by and through their undersigned counsel, if applicable, are not predicated on or influenced by any declaration or representation of any other Party, except as expressly provided herein. The Parties hereto agree that they have carefully read this Settlement Agreement, and that they understand all of its terms and conditions, know its contents, and have signed below as their respective free and voluntary acts.

8. This Settlement Agreement shall constitute the entire agreement by and among the Parties hereto regarding the matters addressed herein. No extrinsic or parol evidence may be used to vary any of the terms herein. All representations, warranties, inducements, and/or statements of intention made by the Parties are embodied in this Settlement Agreement, and no Party hereto relied upon, shall be bound by, or shall be liable for any alleged representation, warranty, inducement, or statement of intention that is not expressly set forth in this Settlement Agreement.

9. No modification, amendment or waiver of any of the terms or provisions of this Settlement Agreement shall bind any Party unless such modification, amendment or waiver is in writing, and has been executed by a duly authorized representative of the Party against whom such modification, amendment or waiver is sought to be enforced. If any part of this Settlement Agreement is held to be unenforceable by any court of competent jurisdiction, the unenforceable provision shall be deemed amended to the least extent possible in order to render

it enforceable and the remainder of this Settlement Agreement shall remain in full force and effect.

10. The Interpleader Plaintiff and the Interpleader Defendants are authorized to take any and all actions necessary to effectuate the relief granted pursuant to this Settlement Agreement. No failure to exercise nor any delay in exercising any right, remedy, power or privilege under this Settlement Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege operate as a waiver of any further or complete exercise thereof. No waiver shall be effective unless in writing. No waiver or condonation of any breach on one occasion shall be deemed a waiver of condonation on any other occasion.

11. This Settlement Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Copies of this Settlement Agreement or counterparties may be used for any purpose as an original. Signature pages delivered by facsimile or via electronic mail in portable document format (.pdf) shall be deemed original.

12. The Parties acknowledge that this Settlement Agreement is the joint work product of all of the Parties, and that, accordingly, in the event of ambiguities in this Settlement Agreement, no inferences shall be drawn against any Party on the basis of authorship of this Settlement Agreement.

13. This Settlement Agreement shall be governed by and construed in accordance with SIPA, the Part 190 Regulations, the Bankruptcy Code and the laws of the State of New York, without regard to the conflict of laws principles thereof. The Bankruptcy Court shall retain exclusive jurisdiction over any and all disputes arising out of or otherwise relating to

this Settlement Agreement, including subsequent requests to modify, or disputes concerning enforcement of, this Settlement Agreement.

14. Any notices to HSBC pursuant to this Settlement Agreement shall be served upon HSBC at the following address:

Victoria Cumings, Esq.
Vice President, Senior Legal Counsel
HSBC Securities (USA) Inc.
Global Banking and Markets
452 Fifth Avenue
New York, New York 10018

With a copy to HSBC's counsel at the following addresses:

Jesse H. Austin, III, Esq.
Paul Hastings LLP
600 Peachtree Street, N.E.
Twenty-Fourth Floor
Atlanta, Georgia 30308
Telephone: (404) 815-2400
Facsimile: (404) 815-2424

- and -

Bryan R. Kaplan, Esq.
Paul Hastings LLP
Park Avenue Tower
75 East 55th Street, First Floor
New York, New York 10022
Telephone: (212) 318-6000
Facsimile: (212) 319-4090

Any notices to the Trustee pursuant to this Settlement Agreement shall be served upon the Trustee's counsel at the following address:

Jeffrey S. Margolin, Esq.
Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York, New York 10004-1482
Telephone: (212) 837-6375
Facsimile: (212) 422-4726

Any notices to Mr. Fane pursuant to this Settlement Agreement shall be served upon Mr. Fane at the following address:

Jason Fane
102 Prospect Street #500
Ithaca, New York 14850
Telephone: (646) 717-4811

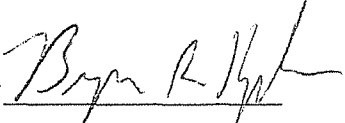
With a copy to:

Daria Fane
1916 Partners
Ten Rockefeller Plaza, Suite 1016
New York, New York 10020
Telephone: (917) 232-3526
Facsimile: (212) 751-1221

15. Pursuant to Rule 41(a) of the Federal Rules of Civil Procedure, as made applicable by Rule 7041(a) of the Federal Rules of Bankruptcy Procedure, the Interpleader shall be deemed dismissed upon entry of a Final Order approving this Settlement Agreement.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement
as of the date set forth in the first paragraph.

PAUL HASTINGS LLP

By: 

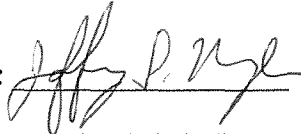
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Counsel to the Interpleader Plaintiff

HUGHES HUBBARD & REED LLP

By: 

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*Counsel to James W. Giddens, as Trustee
for the SIPA Liquidation of MF Global Inc.*

Jason Fane
102 Prospect Street #500
Ithaca, New York 14850
Telephone: (646) 717-4811

Interpleader Defendant

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement

as of the date set forth in the first paragraph.

PAUL HASTINGS LLP

HUGHES HUBBARD & REED LLP

By: _____

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Counsel to the Interpleader Plaintiff



Jason Fane
102 Prospect Street #500
Ithaca, New York 14850
Telephone: (646) 717-4811

Interpleader Defendant

EXHIBIT A

Description of Property

COMEX Gold Contracts

Warrant Numbers	Troy Ounces
CG311052	99.52
CG311053	97.21
CG311054	98.11
CG311055	96.31
CG311056	99.97

COMEX Silver Contracts

Warrant Numbers	Troy Ounces
CS324443	4,999.20
CS324444	4,953.30
CS324445	4,977.40