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

In re

MF GLOBAL INC.,

Debtor.

Case No. 11-2790 (MG) SIPA

PERIODIC CLAIMS PROCESSING REPORT

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 State 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 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

1. For convenience, subsequent references to SIPA will omit “15 U.S.C.”

Transfers (ECF No. 896). This Report, the third of the Trustee's interim status reports to the Court, will focus on the status of the claims process per this Court's request.

THE CLAIMS PROCESS

5. The Trustee has already distributed nearly \$4 billion to former MFGI retail commodities customers with U.S. futures positions through three Court-approved bulk transfers:

- Within days of the Filing Date of this SIPA Proceeding, the Trustee received Court approval for the transfer of 10,000 commodities customer accounts with three million open positions, along with approximately \$1.5 billion in collateral associated with those positions at the time of the bankruptcy. These open positions had a notional value of \$100 billion. It is estimated that between 30% and 40% of the volume of all commodity futures exchange activity in U.S. markets involved MFGI trades, and the transfers avoided serious market disruption.
- A transfer of 60% of the cash attributable to approximately 15,000 commodities customer accounts with cash only in the accounts, totaling approximately \$500 million, was completed in November.
- In December and January, a third transfer occurred that moved approximately \$2 billion to restore 72% of U.S. segregated customer property to all former MFGI retail commodities customers with U.S. futures positions.

6. In addition, the Trustee has received Court approval to sell and transfer approximately 318 active retail securities accounts, comprising substantially all of the securities accounts at MFGI. Nearly all securities customers have received 60% or more of their account value and 194 former MFGI securities customers have received the entirety of their account balances because of a Securities Investor Protection Corporation ("SIPC") guarantee.

7. 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 Order of November 23, 2011 (the “Claims Process Order,” ECF No. 423), 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).

8. 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. All claims must be received by June 2, 2012; no claim of any kind will be allowed unless received by the Trustee on or before June 2, 2012.

9. To date, after removing clearly duplicative claims, the Trustee has received approximately 25,154 commodities customer claims submissions and 841 securities customer claims submissions. The Trustee has established an electronic register of commodities and securities customer claims, which makes these claims publicly accessible with appropriate protection for personal information, and can be found on the Trustee’s website

(www.mfglobaltrustee.com). The Trustee has also received more than 5,200 general creditor claims to date.

10. The Trustee's professionals have identified certain claimants that have filed duplicate claims, and will contact these claimants where necessary for further information to process the claims efficiently. In preparing the statistical information provided in this Report, the Trustee's professionals have attempted to remove the clearly duplicative claims in order to provide the most accurate information possible, but the statistics may vary upon further review. The Trustee's professionals also estimate that roughly 1,000 claims will be recategorized from general creditor or securities customer claims to commodities customer claims. Once the recategorization analysis is complete, the Trustee's professionals will notify the affected claimants.

11. In the one month since the expiration of the January 31, 2012 bar date, the Trustee has determined 12,146 discrete commodities customer claims, or approximately half of all commodities customer claims filed. The Trustee has allowed 12,143 discrete claims in part or in whole, and has denied 3 claims in their entirety. The average amount allowed on a customer claim is about 98% of the amount claimed.

12. When the potentially allowable commodities customer claims population has been further reviewed and analyzed, and more claims determinations become final, the Trustee intends to move to make distributions up to a stated dollar amount or percentage of each claim to claimants with allowed claims for property and collateral associated with U.S. futures positions segregated pursuant to section 4d of the Commodity Exchange Act ("4d Customers") and, to the extent available secured property exists, to claimants with allowed claims for property and collateral associated with foreign futures positions segregated pursuant to 17 C.F.R. § 30.7

(“30.7 Customers”). Further distributions may occur in stages depending on the extent of claims and available assets and resolution of the major contingencies, such as anticipated significant disputes with MF Global Holdings Limited, MF Global U.K. Limited, and other entities. The Trustee presently intends to hold back funds for these and other unresolved contingencies. The Trustee believes that the primary classes for commodities claim distributions will be the 4d Customers and the 30.7 Customers, but that he may need to establish a small delivery class for certain physical property.

13. The Trustee has developed an efficient claims administration program to determine the validity of claims and their net equity in accordance with SIPA, the Commodity Broker Liquidation Provisions, and the Part 190 Regulations. The Trustee has established a dedicated team of professionals who research and determine claims and provide regular progress reports to the Trustee.

14. 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. Claimants who have questions about their LODs can contact the Trustee’s call center, which is staffed with attorneys and representatives of the Trustee’s claims agent who have been briefed on frequently asked questions concerning the LODs. Pursuant to the Claims Process Order (ECF No. 423), if the claimant does not object within thirty (30) days, the determination becomes final. All claimants must complete and return a Declaration, Release, and Assignment form (the “Releases”), included in their claims packages, before they become eligible to receive distributions through the claims determination process. To date, the Trustee has received 708 executed Releases.

15. Throughout this process, the Trustee has kept customers and other interested parties informed of his efforts. In addition to filing two previous status reports with the Court on January 12, 2012 (ECF No. 835) and February 6, 2012 (ECF No. 896), and holding a meeting of customers and creditors on January 12, 2012, the Trustee's professionals have held several meet-and-confer sessions and have communicated with former customers and creditors of MFGI through numerous updates to the Trustee's website, and countless calls, emails, and other correspondence addressing a full range of issues.

Dated: New York, New York
March 2, 2012

Respectfully submitted,

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