

12/09/2011

To Our CME Group Trading Community:

Yesterday, Terry delivered testimony as part of the House Committee on Agriculture's examination of the MF Global bankruptcy. As you are a valued member of the CME Group trading community, we want to provide additional context around the statement that Terry delivered. The full testimony can be accessed [online](#).

As you know first-hand, MF Global has put market users in a tragic position. The impact of MF Global's misconduct is significant for farmers, ranchers, grain cooperatives, miners and other commodity consumers, producers and end-users who use commodity price hedging as an integral part of their businesses.

We can assure you that CME Group's efforts, with respect to the unprecedented loss of customer segregated funds caused by MF Global, have been, and will continue to be, to assist customers and minimize market disruptions.

As Terry said in his testimony, on Monday, October 31, CME Group learned that a shortfall in MF Global's segregation on Thursday, October 27, was hidden by an inaccurate report. The fact of the matter is that MF Global broke a number of rules and obligations to protect customer funds, resulting in customer losses. To be clear, transfers of customer funds, made by MF Global for the benefit of that firm, are very serious violations of our rules and of CFTC regulations.

While this has been an extremely difficult situation, CME Group did its job— before, during and after MF Global's unprecedented failure – to minimize the impact that this extraordinary event has had on the futures industry and its participants. Since the MF Global bankruptcy, CME Group has worked to speed customer access to trading accounts, transfer customer positions, and provide the Trustee with a \$550 million guarantee to encourage him to quickly release customer funds that were securely held at CME Clearing. On Wednesday, we filed a brief with the bankruptcy court, supporting the Trustee's request to begin further distributions to MF Global customers. And, today, we expect the Court to rule on another distribution that the Trustee has said was made possible by our guarantee.

Moving forward, CME Group intends to work with the Congress, regulators and industry leaders to strengthen customer safeguards at the firm level. We will do all that we can to prevent a repeat episode in the future. And we also believe we can retain the confidence of market users.

Next week, Terry will deliver testimony at two additional Congressional hearings – the Senate Agriculture Committee on December 13, and the House Financial Services Committee on December 15. Links to the testimony to be delivered at both of these hearings will be available on the CME Group website, www.cmegroup.com/mfglobal. In addition, we remain committed to keeping you informed throughout this process and continuing to work with the Trustee to facilitate the return of customer funds.

Sincerely,

