

11/8/2011

To the CME Group Trading Community:

Yesterday marked one week since a Trustee was appointed to liquidate MF Global Inc. due to a shortfall in customer segregated funds held at the firm. The appointment was made at the request of the Securities Investor Protection Corporation (SIPC). Until early Monday morning, October 31, it had been expected that MF Global would be sold and all customers would be fully protected, as a purchaser would take over positions, customer property and operations.

The U.S. Bankruptcy Code and CFTC bankruptcy regulations require that free credit balances be frozen at least on an interim basis, and that fully-paid securities and warehouse receipts may not be made immediately available. CME Group has worked diligently with the CFTC and the Trustee to permit the transfer of positions and a portion of the customer collateral held by CME Group to support those positions. CME Group is continuing its efforts to secure a release of a substantial portion of the remaining customer property now controlled by the Trustee.

We understand this has been a difficult period for many of our customers and members who cleared through MF Global. We also recognize that the firm's bankruptcy presents a complex and time-consuming process. Over the past week, CME Group has been collaborating with the CFTC and the Trustee to minimize the burden that MF Global's failure has placed on you and your business. While we understand and appreciate that there are many frustrations and unanswered questions, it is worth pointing out that significant progress has been made over the last several days.

Bankruptcy Filing

On Monday, October 31, when the Trustee was appointed, MF Global was over-collateralized at CME Clearing. All MF Global obligations to the clearing house were satisfied and its house positions were liquidated the following day. The guarantee fund, which is designed to ensure the clearing house's obligations to perform as a counterparty, was not subject to any loss.

MF Global and its affiliates were members of many clearing houses and its customers' funds supported trading in many jurisdictions, under various regulatory regimes. All U.S. customer funds should have been held in segregation and should have been available to support a full transfer of positions and assets. Instead, it appears that there was a significant shortfall in the U.S. segregated accounts at MF Global beginning shortly before the Trustee took over.

Transfer of Positions and Accounts Approved by Trustee

Immediately upon the appointment of the Trustee, CME Group began its effort, with the assistance of the CFTC, to secure approval to transfer CME Group positions and a portion of the supporting collateral to other clearing members. We received approval on November 2 and were able to complete the transfers of positions associated with approximately 15,000 MF Global U.S. customer accounts and approximately \$1.45 billion in associated CME Clearing-

held collateral to other qualified clearing firms, as were approved by the Trustee and the court, by Friday, November 4. Positions and collateral were transferred at some other U.S. clearing houses as well. Over the last weekend and through the end of day today, November 8, CME Clearing has been verifying that all account transfers are accurate and complete. Customers have had trading access to their accounts since the transfers. When the verification process is completed and we confirm that all monies and positions have been transferred correctly, customers will be given access to cash in their accounts. Additionally, receiving firms have been communicating directly with customers to provide additional assistance and instruction.

Remaining Collateral Held at CME Clearing

All commodity customer property is subject to the control of the Trustee. The Trustee is required to ensure a fair and equitable distribution of that property. In the ordinary course, he will reduce all assets, including securities, letters of credit, warehouse receipts and other delivery certificates to cash, and make a pro-rata distribution among the commodity customers based on their relative account balances. For customers that received a partial distribution this weekend, that pro-rata distribution will take into account and be reduced by the value of property customers received as part of the position transfers. As provided for under CFTC regulations, the Trustee is giving holders of warehouse receipts and other certificates of title the opportunity to post security with the Trustee in order to obtain delivery of their instruments.

Customer Segregated Funds Controlled by the Trustee

The SIPC Trustee has complete control over customer funds at CME Clearing, at other U.S. clearing houses and the funds at MF Global. The Trustee is attempting to locate and recover the customer funds that apparently were removed from MF Global-held segregated accounts to support customer trading in all U.S. markets. CME Group will continue to work diligently with the Trustee and authorities to assist in the recovery of any misused customer funds and secure a distribution or partial distribution at the earliest time.

We will continue to keep you updated on new developments as possible through a number of communications including clearing advisories, member notices, and other customer communications. For your ongoing reference, we have established a special website at www.cmegroup.com/mfglobal where we are posting all of our communications materials. Additionally, and linked from our website, the Trustee has established a website to facilitate ongoing communications with the customers and creditors of MF Global at www.mfglobalTrustee.com.

Once again, we know the MF Global failure is a challenging event for everyone involved. Though many of the decisions going forward are beyond our control, we want you to know that we are working very closely with the regulators and the Trustee to represent your interests. As we move forward, we are committed to providing as much information, guidance and updates as possible to help you better understand and navigate through this process.

Sincerely,

