

11-427

TO: Clearing Member Firms

FROM: CME Clearing

DATE: November 23, 2011

SUBJECT: **Information for Cash-Only Account Holders of MF Global Inc.**

On November 17, 2011, the U.S. Bankruptcy Court approved a petition by the SIPC Trustee to initiate an additional distribution of MF Global Inc. customer segregated funds. This distribution is limited to those accounts which held no futures or options positions as of October 31, 2011, or “cash only” accounts, and is estimated to return \$520 million or 60 percent of the overall cash-only account balances of MF Global customers. The court order, which can be treated by eligible customers as final, can be viewed using the following link:

<http://dm.epiq11.com/MFG/document/GetDocument.aspx?DocumentId=1451087>

A number of clearing firms have generously agreed to help clients regain an opportunity to trade, or to otherwise provide a mechanism by which clients, who simply want access to their funds, can do so. These firms will undertake the significant administrative task of opening individual client accounts and facilitating funds dispersal to affected customers. Customers will be able to access their funds directly from these receiving firms or otherwise may use these new accounts for trading purposes. Customers who choose to receive their funds will be able to do so through a check mailed to the appropriate address of record. Other methods of fund retrieval may be requested, however, this will be subject to the potential for timing delays associated with identity verification and potential additional cost implications, subject to the requirements of the receiving clearing firms.

CME expects to receive individual account information, with cash equivalent balances, from the Trustee ahead of the Thanksgiving holiday, and funds are expected to be released by CME Clearing by Friday November 25. It is anticipated that after a period of facilitating account finalization and reconciliation, and taking into account month-end processing, receiving firms will begin processing customer requests as of December 1.

The scale of this transfer is large, involving approximately 15,000 individual client accounts and a high level of administration by the receiving firms. Other important considerations for clients include the following:

- The interim release of funds by the Trustee is subject to a minimum cash balance. CME understands this minimum to be \$1,000.00. Holders of cash-only accounts with a balance of less than this amount should turn directly to the Trustee for further information about the release of their funds.

- CME Clearing expects to distribute only funds in USD. Any non-USD balances will be converted to USD by the Trustee and be accessible from receiving firms in that currency only. Transferee firms may be willing to facilitate the conversion of cash balances into a customer's preferred currency, but customers should expect to bear the cost of such a conversion.
- Please note that only clients with cash only accounts as of October 31, 2011 will be eligible for this interim release of funds. Those clients that liquidated or transferred positions prior to the bulk transfer process previously announced in early November will not receive funds in this release but should receive funds in a future interim fund release as announced by the Trustee on November 21.
- For clients that held futures and options positions in an account which were transferred to a new clearing member firm as part of the bulk transfer process AND also had related cash accounts at MF Global, cash accounts and position accounts balances were combined creating a combined account money and position transfer. Therefore your cash accounts are not part of this cash only account distribution.
- Clients who held securities with MF Global should be aware that securities, or their cash equivalents, are not included as part of this cash only account distribution.
- This distribution does not apply to customers of foreign affiliates of MF Global.

CME Clearing will make available further information about this interim release of funds to cash-only account holders, including the destination of individual accounts shortly. Customers are invited to email CME Clearing at clearinginformation@cmegroup.com to receive this information. To expedite responses, customers should provide their account name and MF Global account number in their e-mail to CME Clearing. CME Clearing will be staffing this e-mail box over the U.S. Thanksgiving holiday to facilitate information requests.

CME Clearing wishes to sincerely thank the transferee firms for performing this valuable service to the displaced clients of MF Global. Without their commitment to the customers of the futures industry and their willingness to bear these administrative burdens on the customers' behalf, customers would have been required to follow a claims process that would have been much more burdensome. We hope that the clients will echo our appreciation when working with the transferee firms to activate their new accounts or access their cash balances.