



## Advisory Notice

Clearing House

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11-415

FROM: CME Clearing

DATE: November 14, 2011

RE: **Update on Transfers of MF Global Inc. Customer Positions and Collateral - REVISED – 11/23/2011**

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Immediately upon MF Global's bankruptcy and the appointment of the Trustee, CME Group began its effort to secure approval to transfer CME Group positions and all supporting collateral to other clearing members instead of liquidating those positions. However, due to uncertainty over the amount of MF Global-held segregated funds to support customer trading, the Trustee only allowed CME Group to transfer customer positions to new clearing member firms with part, but not all, of their funds. This allowed customers to fund, in the short term, a portion of the margin that would normally have been required for their positions. It also required that all new accounts established to hold transferred positions be temporarily subject to a hold on transferred cash or proceeds of the liquidation of transferred positions at the new firms.

In order to allow for an expeditious transfer of positions, funds were provisionally allocated to accounts at new firms as a percentage of margin required for each futures and options portfolio. CME Group has now successfully completed the process of verifying the balances that were provisionally allocated to each customer, based on the value of individual portfolios reflected on MF Global's books and records. As a result of comparison to MF Global's books and records, a number of customer's provisional margin allocations were adjusted up or down based on MF Global account balances. The end result of this true up process is that customers now have full access to their new trading accounts with receiving firms. This means customers can now trade, withdraw funds, or transfer their positions to other firms.

Customers also should be aware that due to the customer funds shortfall at MF Global and the bankruptcy process, CME cannot release any additional funds to customers without permission from the Trustee and the bankruptcy court.

CME Group is continuing to work diligently with the Trustee and other industry participants to secure at least partial additional customer distributions as soon as possible. As of Friday, November 11, CME Group put forward an offer to provide a \$250 million financial guarantee to the Trustee to give him greater latitude to make an interim distribution of cash to customers now. Additionally, CME Trust will provide \$50 million to CME Group market participants in the event there is a shortfall at the conclusion of the Trustee's distribution process. CME Group is working on the details of attempting to implement that guarantee arrangement with the Trustee, and stands ready to provide assistance the Trustee may need to make a prompt distribution of customer assets.

We understand the frustration and the need for accurate information. We have been using a number of channels to communicate with customers about the position transfers as soon as information has been available. Customers also began receiving communications directly from their receiving firm after those transfers were complete. We continue to work with the CFTC and the bankruptcy trustee, clearing firms, market participants, and other exchanges and clearing houses that participated in this process to provide all necessary information to customers concerning the position transfers.