

**From: Diarmuid O'Hegarty: Deputy Chief Executive**

To: ALL MEMBERS,

Ref: 11/330 : A322

Date: 10 November 2011

Subject: **MF GLOBAL UK LIMITED - LME CLIENT CONTRACTS AND THE LME DEFAULT REGULATIONS**

## Summary

1 This notice addresses how Client Contracts of MF Global UK Limited ("MFG") which are Unsettled Contracts are dealt with under the LME Default Regulations as a result of MFG being declared in default.

## Effect of Default

2 The LME Default Regulations ("Default Regulations") apply to the Client Contracts to which MFG was a party. Attached are copies of the following parts of the LME Rules and Regulations:-

- (a) Part 9: Default Regulations;
- (b) Part 1: Definitions;
- (c) Part 3: Trading Regulations; and
- (d) Part 5: Traded Options Regulations.

3 The Exchange has been working with LCH.Clearnet and the Special Administrator of MFG to transfer MFG's Client Contracts and corresponding Exchange Contracts which are Unsettled Contracts to other LME members, at the request of the relevant client. Such clients were requested to submit requests for transfer by 5.00pm (London Time) on Tuesday 8 November 2011. All correspondence in relation to requests to transfer client positions should be directed to LCH.Clearnet and/or the Special Administrator of MFG. Further information is available on the LCH.Clearnet website at [http://www.lchclearnet.com/mf\\_global\\_uk\\_limited\\_client\\_information.asp](http://www.lchclearnet.com/mf_global_uk_limited_client_information.asp).

4 In respect of any MFG Client Contracts which are Unsettled Contracts which are not transferred to other LME members, the Exchange will need to work with the Special Administrator of MFG to agree procedures to put into effect the provisions of the Default Regulations.



5 For the purposes of the Default Regulations the Exchange published its Default Notice 11/317 on 1 November 2011. Under the Default Regulations the calculation of Default Settlement Amounts will take into account the prices published by the Exchange on 1 November 2011 and shall be determined in accordance with Regulation 3.5 of the Default Regulations.

6 Counterparties to Unsettled Contracts with MFG should submit to both the Exchange and the Special Administrator of MFG details of their Unsettled Contracts with MFG together with evidence in support thereof. All submissions to the Exchange should be sent by email to [marketsurveillance@lme.com](mailto:marketsurveillance@lme.com) by no later than **1 February 2012** (as per LME notice 11/318).

7 Once the Exchange has agreed with the Special Administrator of MFG a procedure for processing Unsettled Contracts with clients, details of those procedures will be made public. Counterparties should be aware that the reconciliation of Unsettled Contracts and the processing of such Unsettled Contracts under the Default Regulations may take some time.

8 All questions about this notice should be sent by email to [marketsurveillance@lme.com](mailto:marketsurveillance@lme.com)

A handwritten signature in black ink, reading "Diarmuid O'Hegarty".

**Diarmuid O'Hegarty**

cc: Board Directors