

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	X	Chapter 11
	:	
In re	:	Case No. 11-15059 (MG)
	:	
MF Global Holdings Ltd., et al.	:	Jointly Administered
	:	
Reorganized Debtors. <sup>1</sup>	:	
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**ORDER GRANTING MOTION PURSUANT TO RULE 9019 OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE FOR ENTRY OF AN ORDER APPROVING  
THE ALLOCATION OF SETTLEMENT CONSIDERATION AMONG THE PLAN  
ADMINISTRATOR, MFGAA, AND THE LITIGATION TRUSTEE**

This matter coming before the Court on the *Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving the Allocation of Settlement Consideration Among the Plan Administrator, MFGAA, and the Litigation Trustee* (the “Allocation Motion”);<sup>2</sup> the Court having reviewed the Allocation Motion and the accompanying Declarations of Nader Tavakoli, James B. Kobak Jr., and Erik M. Graber, and having heard the statements of counsel regarding the relief requested in the Allocation Motion, and any objections thereto, at a hearing before the Court (the “Hearing”); the Court finding that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b), and (iv) notice of the Allocation Motion and the Hearing was adequate and in compliance with the Case Management Order, the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules; and the Court having found and determined that the relief sought in

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<sup>1</sup> The debtors in these chapter 11 cases (the “Chapter 11 Cases”) are MF Global Holdings Ltd.; MF Global Finance USA Inc.; and MF Global Holdings USA Inc. (collectively, the “Debtors”). The bankruptcy cases of MF Global Market Services LLC, MF Global FX Clear LLC, and MF Global Holdings USA Inc. were closed pursuant to the *Order of Final Decree* entered by this Court on February 11, 2016.

<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Allocation Motion.

the Allocation Motion is in the best interests of the Debtors' estates and their creditors; and the Court having determined that the legal and factual bases set forth in the Allocation Motion and at the Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

**IT IS HEREBY ORDERED THAT:**

1. The Allocation Motion is granted as set forth herein.
2. The Allocation Agreement, a copy of which is annexed hereto as Exhibit A between: (a) MF Global Assigned Assets LLC ("MFGAA"), as assignee of certain claims, rights, and interests of MF Global Inc.; (b) MF Global Holdings Ltd., as Plan Administrator and otherwise; and (c) Nader Tavakoli, in his capacity as the Litigation Trustee of the MF Global Litigation Trust (the "Allocation Agreement"), is fair, reasonable and adequate; and is in the best interests of the MFGAA estate, its customers and creditors; the Chapter 11 Debtors' estates and creditors, and the beneficiaries of the Litigation Trust; and is authorized and approved pursuant to Rule 9019 of the Bankruptcy Rules and applicable law.
3. MFGAA has rights and title to and shall receive its share of the Settlement Agreement proceeds according to the Allocation Agreement for distribution after the Effective Date pursuant to the Settlement Agreement, amounting to approximately \$57 million to \$65.5 million (the "MFGAA Allocated Amount"), as adjusted by certain fees, expenses, and holdbacks pursuant to the Settlement Agreement, including a reserve for Class Counsel fees as determined in accordance with the Settlement Agreement.
4. The Litigation Trust has rights and title to and shall receive its share of the Settlement Agreement proceeds according to the Allocation Agreement for distribution after the

Effective Date pursuant to the Settlement Agreement, amounting to approximately \$73 million (the “Litigation Trust Allocated Amount,” and with the MFGAA Allocated Amount, the “Allocated Amounts”), as adjusted by certain fees, expenses and holdbacks pursuant to the Settlement Agreement.

5. The Litigation Trust has no rights, title, or interest in the MFGAA Allocated Amount and MFGAA has no rights, title, or interest in the Litigation Trust Allocated Amount.
6. The Litigation Trust and MFGAA are each entitled to half of all rights, title and interest in the Assignment Agreement with respect to the Dissenting Insurers, as described in paragraph 1(c) of the Settlement Agreement (as those terms are defined in the Settlement Agreement and Exhibit A thereto).
7. The Litigation Trust and MFGAA are each entitled to half of all rights, title and interest to all payments and obligations of the Group A Defendants (as that term is defined in the Settlement Agreement) as set forth in the Settlement Agreement, including without limitation, paragraphs (1)(b-c) and Schedule 4 thereto.
8. The Plan Administrator, MFGAA, and the Litigation Trustee are hereby authorized to take any and all actions reasonably necessary to consummate the Allocation Agreement and perform any and all obligations contemplated therein, including without limitation making adjustments to the Allocated Amounts set forth in paragraphs 3 and 4 hereof to reflect the appropriate deductions for fees and expenses under the Settlement Agreement, including any fees and/or expenses of the Plan Administrator incurred in connection with the Settlement Agreement, and/or adjustments based on holdbacks and/or reserves under the Settlement Agreement.

9. Any and all objections to the Allocation Motion or to the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits.
10. This Order resolves the allocation of the consideration received under the Settlement Agreement among MFGAA and the Litigation Trustee. Nothing in this Order resolves disputed issues related to the amount of fees and expenses owing to counsel in connection with the resolution of claims covered by the Settlement Agreement, the CCAA and the NES Assignment Agreement. Issues related to the entitlement to fees and expenses will be adjudicated by the District Court. No distribution of any amount required to be maintained in the Customer Class Counsel Reserve pursuant to the Settlement Agreement shall be made until there is resolution of the issues related to fees and expenses by the District Court.
11. The Court has considered all remaining objections to the form of this Order, and they are overruled.
12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order and to enforce and implement the terms and provisions of the Allocation Agreement and resolve disputes thereunder.

**IT IS SO ORDERED.**

Dated: December 1, 2016  
New York, New York

*Martin Glenn*  
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MARTIN GLENN  
United States Bankruptcy Judge

## **EXHIBIT A**

As of August 24, 2016

**Allocation Agreement Regarding Proceeds of MDL Settlement Agreement**

MF Global Assigned Assets LLC, as assignee of certain claims, rights, and interests of MF Global Inc. (“MFGAA”), MF Global Holdings Ltd., as Plan Administrator on behalf of itself and its affiliated debtors<sup>1</sup> (“MFGH”), and Nader Tavakoli, in his capacity as the Litigation Trustee (the “Litigation Trustee,” collectively with the MFGAA and MFGH, the “MFG Plaintiffs” or “Parties”) of the MF Global Litigation Trust (the “Litigation Trust”), hereby memorialize that certain Allocation Agreement which was the subject of the Allocation Motion (D.I. 2291) filed on August 24, 2016 seeking Bankruptcy Court approval of the agreement in principle to split proceeds flowing to the MFG Plaintiffs pursuant to that certain Stipulation and Agreement of Settlement (the “MDL Settlement Agreement”) made and entered into as of July 6, 2016, among (i) MFGAA; (ii) MFGH; (iii) the Litigation Trustee; (iv) the Customer Class Representatives<sup>2</sup>; (v) Sapere CTA Fund, L.P. (“Sapere”); and (vi) Bradley Abelow, Jon Corzine, David Dunne, Vinay Mahajan, Edith O’Brien, and Henri Steenkamp (see D.I. 2271-2)(redacted Execution Version), by stipulating and agreeing as follows:

1. MFGH, as Plan Administrator, and as the managing member of MFGAA, and the Litigation Trustee hereby agree to divide the consideration to be received by the MFG Plaintiffs under the MDL Settlement Agreement on the basis that gross proceeds are divided 50/50 between the Litigation Trust Claims on the one hand and MFGI/Customer Claims on the other.

2. Specifically, the Parties have agreed that each of Litigation Trust Claims and MFGI/Customer Claims shall be credited as of the Effective Date with an amount equal to 50% of (x) the aggregate amount of proceeds deposited on the Initial Limits Payment Date pursuant to the terms of the MDL Settlement Agreement, less (y) the confidential CFTC Reserves.<sup>3</sup> The forgoing calculation yields an anticipated estimated gross recovery of approximately \$73 million to the Litigation Trust and approximately \$73 million to MFGI/Customer Claims as of the Effective Date (subject to any holdbacks for invoiced or anticipated Ongoing Defense Costs incurred through the Effective Date). MFGAA’s share available for distribution as of the Effective Date is further reduced by (i) certain confidential amounts (a) paid to Sapere; or (b) required to be reserved for potential opt-out claims; (ii) the Customer Class Distribution reserve; and (iii) the Customer Class Counsel Reserve, which results in an estimated distribution to MFGAA’s holders as of the Effective Date of approximately \$12 million.

3. The Parties agree that the 50/50 allocation set forth in this Allocation Agreement applies to any future proceeds from the MDL Settlement Agreement (i) derived from the Assignment Agreement with respect to the Dissenting Insurers, as described in paragraph 1(c) of the MDL Settlement Agreement (as those terms are defined in the Settlement Agreement and Exhibit A thereto); and (ii) all payments and obligations of the Group A Defendants (as that term

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<sup>2</sup> Capitalized terms not defined herein shall have the meaning ascribed in the Allocation Motion, and if not defined therein, in the MDL Settlement Agreement.

<sup>3</sup> Certain amounts from the CFTC Reserves may revert directly to MFGAA and/or the Customer Distribution under the terms of the MDL Settlement Agreement and any amounts so reverting are controlled directly by the MDL Settlement Agreement (and any amounts reverting to the Settlement Fund for the benefit of all MFG Plaintiffs are subject to this Allocation Agreement).

is defined in the Settlement Agreement) as set forth in the MDL Settlement Agreement, including without limitation, paragraphs (1)(b-c) and Schedule 4 thereto, all as provided in the form of proposed Order submitted with the Allocation Motion.

4. MFGAA and the Litigation Trustee agree that the Plan Administrator is authorized to effect distributions to the MFG Plaintiffs pursuant to the Plan, the MDL Settlement Agreement, the Allocation Agreement, and the orders to be entered with respect to the Distribution Protocol for Litigation Trust Proceeds (see D.I. 2314) and the Allocation Motion.

5. For avoidance of doubt, this Allocation Agreement does not restrict the Litigation Trustee and Plan Administrator from taking actions consistent with, authorized by, or permitted under the MDL Settlement Agreement, the Litigation Trust Agreement, or the Plan.

6. This is a New York contract and Agreement that shall be governed by the laws of the State of New York law in all respects.

7. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, the Parties have signed this Allocation Agreement by their respective authorized officers, representatives, or counsel as of August 24, 2016.

MF GLOBAL HOLDINGS LTD.

By: Laurie R. Ferber

Name: Laurie R. Ferber

Title: Executive Vice President and General Counsel

MF GLOBAL HOLDINGS ASSIGNED ASSETS LLC

By: Laurie R. Ferber

Name: Laurie R. Ferber

Title: Executive Vice President and General Counsel

NADER TAVAKOLI, AS TRUSTEE OF THE  
MF GLOBAL LITIGATION TRUST

Nader Tavakoli

Name: Nader Tavakoli

Title: Trustee of the MF Global Litigation Trust

NAI-1502285799v4