Hearing Date: December 14, 2011 at 9:00 a.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re MF GLOBAL HOLDINGS LTD., et al., Debtors.	Chapter 11 Case No. 11-15059 (MG)

STATEMENT OF SIPA TRUSTEE REGARDING
THE CASH COLLATERAL MOTION

James W. Giddens (the "SIPA Trustee"), as Trustee for the liquidation of MF Global Inc. ("MFGI") under the Securities Investor Protection Act of 1970 ("SIPA"), by and through his undersigned counsel, respectfully submits this statement regarding the Motion of the Debtors For Interim and Final Orders Under 11 U.S.C. §§ 105, 361, 362, 363(c), and 363(e) and Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014 (I) Authorizing the Debtors to Use Cash Collateral, (II) Granting Adequate Protection to the Liquidity Facility Lenders, and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the "Cash Collateral

Motion") (MFGH ECF No. 8) dated October 31, 2011, filed by MF Global Holdings Ltd. ("MFGH") and its affiliate debtor.[1]

1. Several objectors to the Cash Collateral Motion have cited the "shortfall" in MFGI customer property and questioned whether certain property in an MFGH proprietary account at JPMorgan Chase Bank ("JPM") might be MFGI "customer property" or the proceeds thereof.[2] No factual record yet exists that would permit a definitive answer to such questions, or explain how MFGI customer property could have ended up in a proprietary account of MFGH at JPM.

2. Under SIPA § 78fff-1(d), the SIPA Trustee has a duty to investigate the circumstances surrounding the failure of MFGI, and report to the Court "any facts with respect to fraud, misconduct, mismanagement, and irregularities," as well as "any causes of action available to the estate." SIPA § 78fff-1(d). This investigation and report will take place as promptly as practicable, and will focus intensively on the MFGI customer property shortfall.

3. If improper transactions involving MFGI customer property did occur as between MFGH and MFGI, the SIPA Trustee will have defined causes of action under both SIPA and the Bankruptcy Code to restore customer property. Thus, Bankruptcy Code § 764(a) specifically addresses transfers of property that, "but for such transfer, would have been

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1. Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

2. *E.g.*, the *Commodity Customer Coalition's Objection to the Motion of the Debtors for Interim and Final Orders Under 11 U.S.C. §§ 105, 361, 362, 363(c), and 363(e) and Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014 (i) Authorizing Debtors To Use Cash Collateral, (ii) Granting Adequate Protection to the Liquidity Facility Lenders, and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c),* dated November 14, 2011 (MFGH ECF No. 83), the *Objection of Dominion to the Motion of the Debtors for Interim and Final Orders Under 11 U.S.C. §§ 105, 361, 362, 363(c) and 363(e) and Bankruptcy Rules 2002, 4001, 6003, 6004 and 9014 (i) Authorizing Debtors To Use Cash Collateral, (ii) Granting Adequate Protection to the Liquidity Facility Lenders, and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c),* dated November 28, 2011 (MFGH ECF No. 173).

customer property," and provides that such transfers "may be avoided by the trustee." 11 U.S.C. § 764(a). SIPA § 78fff-2(c)(3) also establishes the SIPA Trustee's right to avoid transfers of property that "except for such transfer, would have been customer property." Such causes of action may be pursued by the SIPA Trustee as against MFGH, JPM or any other improper transferee of MFGI customer property.

4. It is the SIPA Trustee's understanding that the proposed Order with respect to the Cash Collateral Motion contains a broad reservation of rights and will not impact the rights of the MFGI estate and the SIPA Trustee to the extent that causes of action based on improper transactions affecting customer property are identified. On that basis, the SIPA Trustee does not object to entry of the proposed Order in its present form.

Dated: New York, New York
December 13, 2011

Respectfully submitted,

HUGHES HUBBARD & REED LLP

By: /s/ James B. Kobak, Jr.

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