

JOSEPHINE WANG
General Counsel
CHRISTOPHER H. LAROSA
Associate General Counsel
LAUREN ATTARD
Staff Attorney
SECURITIES INVESTOR PROTECTION
CORPORATION
805 Fifteenth Street, N.W., Suite 800
Washington, D.C. 20005-2207
Telephone: (202) 371-8300

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

IN RE:)	
)	Adversary No. 11-2790 (MG) SIPA
MF GLOBAL INC.,)	
)	
Debtor.)	

**MEMORANDUM OF THE SECURITIES INVESTOR PROTECTION CORPORATION
IN SUPPORT OF TRUSTEE’S EXPEDITED MOTION TO APPROVE
FURTHER TRANSFERS AND DISTRIBUTIONS FOR MF GLOBAL INC.
UNITED STATES COMMODITY FUTURES CUSTOMERS**

The Securities Investor Protection Corporation (“SIPC”) submits this memorandum in support of the expedited motion (“Motion”) of James W. Giddens (“Trustee”), as trustee for the liquidation of MF Global, Inc. (“Debtor”) under the Securities Investor Protection Act (“SIPA”), 15 U.S.C. §§ 78aaa et seq., for an order approving further transfers and distributions for the Debtor’s domestic commodities customers. SIPC concurs in the position expressed by the Trustee in his Motion and briefly summarizes the basis for its support below.

First, the transfers proposed by the Trustee would enable the Trustee to return to domestic commodities customers an additional \$2.1 billion of property and to substantially

equalize, on a ratable basis, the percentage of assets returned to each such customer. Coupled with the transfers and distributions made pursuant to the first two orders entered by the Court, the proposed transfers, when effected, would result in the return to customers a total of two-thirds or more of the property owed to them.

Second, the proposed transfers strike the appropriate balance between the need to return customer property to customers on an expedited basis - to minimize both the inconvenience to customers and the associated disruption to markets – and the Trustee’s obligation to distribute customer property ratably to customers on the basis, and to the extent, of their respective net equities. See 11 U.S.C. § 766(h). The Trustee has proposed to retain a reserve of approximately 15% to 20% of segregated property that is, or is shortly expected to be, in the control of the Trustee. This reserve should protect against the risk that any distribution to a customer will exceed the amount to which that customer is ultimately entitled in the liquidation as a result of a shortfall in customer property.

Third, the proposed transfers are authorized by law. SIPA incorporates, to the extent consistent with the statute, certain provisions of the Bankruptcy Code (11 U.S.C.), including Code Sections 105(a), and, to the same extent, or “as otherwise ordered by the Court, the Trustee has the same duties as a trustee in a liquidation under the Commodity Broker Liquidation provisions of Subchapter IV of Chapter 7 of the Bankruptcy Code, including those imposed by Code Section 766(h). See SIPA §§78fff(b) and 78fff-1(b). Section 105(a) empowers the Court to issue any order, process, or judgment that is necessary to carry out the provisions of the Bankruptcy Code, and has long been recognized as a broad grant of authority to effectuate the Code’s provisions. See 11 U.S.C. § 105(a); Momentum Mfg. Corp. v. Employee Creditors Comm. (In re Momentum Mfg. Corp.), 25 F.3d 1132, 1136 (2d Cir. 1994). Moreover, the

Commodity Futures Trading Commission's ("CFTC") Part 190 regulations, which implement the Bankruptcy Code's Commodity Broker Liquidation provisions, permit the CFTC to authorize transfers of the kind proposed here in order to protect the public interest. See 17 C.F.R. § 190.06(e), (f), and (h).

CONCLUSION

For the reasons stated above and in the Trustee's Motion, the Court should grant the Trustee's Motion and should approve the transfers and distributions proposed by the Trustee.

Dated: Washington, D.C.
November 29, 2011

Respectfully submitted,

JOSEPHINE WANG
General Counsel

/s/ Christopher H. LaRosa
CHRISTOPHER H. LAROSA
Associate General Counsel

LAUREN T. ATTARD
Staff Attorney
SECURITIES INVESTOR PROTECTION
CORPORATION
805 15th Street, N.W., Suite 800
Washington, D.C. 20005
Telephone: (202) 371-8300
Facsimile: (202) 371-6728
E-Mail: jwang@sipc.org
clarosa@sipc.org
lattard@sipc.org